

AUSTRALIAN FEDERAL POLICE

# ANNUAL REPORT

2003–2004



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Russell Offices—Department of Defence  
The Lodge—Prime Minister's Residence  
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National Training Centre  
National Central Monitoring Station  
Department of Foreign Affairs and Trade

### Cairns

Cairns Airport

### Coolangatta

Gold Coast Airport

### Darwin

Darwin Airport

### Exmouth

Department of Defence

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Department of Defence

### Hobart

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## Letter of transmittal

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 2003 to 30 June 2004.

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 to meet the specific needs of the AFP and comply with the *Commonwealth Fraud Control Guidelines*.

As the world around us changes, the AFP is looking outward, beyond Australia's borders while maintaining our law enforcement role nationally. AFP personnel are now situated across the globe, fighting crime together with our international counterparts. Our efforts through this year have maintained the AFP's reputation for fair, objective and effective crime prevention. More challenges lie ahead, nationally and internationally. This year AFP personnel have continued to position our organisation as a leader in the field of law enforcement.

Yours sincerely



M J Keelty  
26 November 2004

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# CHAPTER 1



INTRODUCTION



## Executive review

*By Commissioner Mick Keelty*

This year was a milestone for the Australian Federal Police (AFP). The organisation celebrated 25 years' service to law enforcement, continued to grow as a dynamic policing organisation and faced unprecedented challenges both in national security and helping to uphold the security of our regional neighbours.

In this reporting year we both restructured the organisation to ensure we were well placed to tackle all forms of 21st century crime, and we moved to honour the achievements of our staff through the introduction of a new rewards and recognition framework.

While we retained our strong commitment to the traditional responsibilities of protecting and safeguarding Australia and policing the national capital, we also embraced innovation in areas such as regional assistance, capacity building and international crime prevention.

In the past 12 months we have continued to forge strategic crime-fighting partnerships that cross both industrial and jurisdictional boundaries; we have taken our place alongside law enforcement and defence colleagues to help restore law and order in our region; we have placed increased emphasis on tackling high-tech crimes including identity fraud and strengthened our efforts against Internet child pornography.

While these achievements lead us towards new frontiers, we acknowledge that they will require even more dynamic law enforcement responses in the future.

With an increased demand on resources, we have also developed effective mechanisms to ensure the most appropriate allocation of funds and investigation hours. Critical to this process we initiated a series of economic indicators of performance that evaluate the return on investment of various AFP operations.

Now we can report that AFP economic investigations have returned \$6.00 for every dollar invested; drug investigations have returned \$5.20 for every dollar and protection services returned at least \$4.04 for every dollar invested.

## Counter terrorism

Changes in the security environment around the world have ensured that counter terrorism remained at the forefront of AFP business.

At the national level a major achievement was the recording of the first conviction and sentencing for terrorist-related activity committed on Australian soil with a Perth man sentenced to nine years' jail in June 2004.

During the reporting period we successfully investigated, along with partner agencies, the activities of others suspected of engaging in terrorist activity, many of whom are now before the courts.

Australia's ability to detain suspects and disrupt and confiscate terrorist funding was also enhanced through the drafting of a suite of new legislation to strengthen capacity for detecting and monitoring suspicious activity. The AFP provided input into this important area of policy.

We also assumed responsibility for counter-terrorist first response at Australian airports and took direct follow-up action on more than 500 of the 19,000 reports to the National Security Hotline.

The AFP also provided comprehensive terrorism-related training to law enforcement colleagues nationally and abroad, and our responses were put to the test during Australia's national counter-terrorism exercise, Mercury 04.

The June 2004 exercise involved police, and government departments and agencies Australia wide, enabling us to trial communications and reporting capabilities, the Incident Coordination Centre, and our performance in national Joint Counter Terrorism Teams, Australia's frontline capacity in the event of a terrorist attack.

On the international front, our ongoing participation in the Bali bombings joint investigation with the Indonesian National Police brought to 36 the number arrested over the October 2002 tragedy, which claimed the lives of 202 people, including 88 Australians. By the end of the reporting year, 33 of those charged under *Operation Alliance* had been convicted and sentenced to penalties ranging from three years' jail to the death penalty.

The detonation of a terrorist bomb in the foyer of Jakarta's JW Marriott Hotel in August 2003 served as a powerful reminder of the ongoing nature of this work. The AFP was asked to assist our Indonesian

counterparts to investigate the blast, with information gleaned from this and *Operation Alliance* providing valuable intelligence on terrorist operations in the region.

Further developments in the AFP's prevention and early intervention strategy included our involvement in establishing the Jakarta Centre for Law Enforcement Cooperation. This \$38.3-million counter-terrorism training facility, funded by the Australian Government, will provide training to police in the region in areas such as threat assessments, investigations, criminal intelligence, and forensics.

## Capacity building

As it becomes clear that we can only win the fight against terrorism with a strong and united front, we have also seen some of our closest neighbours struggling under the weight of economic decline, corruption and lawlessness.

Part of the AFP's response to this has been to deploy personnel to disarm insurgents and restore trust and confidence offshore.

A highlight was our involvement in the Regional Assistance Mission to the Solomon Islands, *Operation Helpem Fren*.

Working alongside other Pacific nations and the Australian Defence Force, in less than a year RAMSI removed almost 4,000 weapons and more than 300,000 rounds of ammunition from the streets and made more than 3,000 arrests.

This significant achievement enabled the people of the Solomons to enjoy a safer community, and heralded new directions in the AFP's approach to regional policing through the creation of the International Deployment Group (IDG).

The IDG provides a pool of members ready for deployment to regional areas to work alongside State and Territory police in response to calls for assistance and at government request. Announced in February 2004, IDG personnel are already working in the Solomons, Cyprus, Jordan, and Timor Leste. Another key mission to Papua New Guinea was in the advanced stages of preparation at the end of this reporting period.

Throughout the year, the AFP also helped establish new Transnational Crime Coordination Centres in Indonesia, Cambodia and Fiji to improve intelligence sharing and investigative capacity in the region.

We also hosted the annual South Pacific Chiefs' of Police Conference (SPCPC) in Brisbane, bringing together police chiefs from 21 nations to discuss developments in major crime.

Under the theme *Terrorism: The Wider Law*

*Enforcement Context* the conference formulated a strategic plan to more effectively target organised crime and to strengthen the crime fighting capacity of Pacific nations. The forum also endorsed a strategy to combat the trafficking of amphetamine-type stimulants (ATS).

The AFP's International Network also went from strength to strength, opening new posts in Pretoria, Dubai and Bali and bringing the number of overseas posts to 32 located in 26 countries. During the reporting period, our post in Kuala Lumpur reached its own milestone of 30 years' operation.

The Network made significant advances in enhancing cooperation with overseas counterparts with operational highlights including a multi-agency investigation into the activities of a Hong Kong and Malaysia based syndicate which led to the seizure of a clandestine laboratory set up to produce crystal methylamphetamine (ice) in Fiji. This followed an agreement between law enforcement agencies in Malaysia, Fiji, Philippines, New Zealand, Hong Kong, and Australia. The agreement focused on both the syndicate's ability to establish an ATS laboratory in Fiji and the subsequent trafficking of illicit drugs into Australia and other countries in the region. Six people were arrested and charged.

Since late 2000 this kind of cooperation has also dismantled major trafficking rings supplying the Australian market with heroin from South-East Asia. The United Nations Office on Drugs and Crime 2004 World Drug Report acknowledged that the shortage of heroin in Australia was largely the result of successful law enforcement operations, while also noting that initial fears that a heroin shortage could lead to more crime did not materialise.

## National responses

Our domestic crime-fighting capacity has also been strengthened by continuing close working relationships with government, intelligence and other law enforcement agencies as part of the whole-of-government approach to security.

This included appointments to the National Threat Assessment Centre and the Joint Counter Terrorism Intelligence Coordination Unit as well as ongoing

liaison with departments and agencies including the Department of Prime Minister and Cabinet, the Attorney-General's Department, the Department of Defence, the Department of Foreign Affairs and Trade, and the Australian Security Intelligence Organisation.

Recognising the role the community plays in modern law enforcement, the AFP also negotiated strategic partnerships with a number of private industry and academic organisations.

More than 20 private- and public-sector agencies have joined the Australian High Tech Crime Centre (AHTCC), hosted by the AFP. In operation for less than a year, the Centre has made significant inroads into investigating crimes including e-fraud, online child abuse, computer intrusions, creation and distribution of computer viruses, importation of prohibited substances, and threats against Australia's Critical National Information Infrastructure. It has also supported areas such as counter-terrorism, protective security and the multi-agency Identity Crime Taskforce.

In addition, Australia's five biggest banks, plus MasterCard, Visa International, and the Credit Union Society along with the Australian Bankers Association formed a strategic partnership with the AHTCC to arrest growth in online banking frauds.

The year also saw the AFP embark on a major organisational review with the introduction of a functional framework to nationally prioritise and respond more quickly to new challenges in the criminal environment.

The Australian Protective Service began to integrate with the AFP, bringing together responsibilities for aviation security and major infrastructure protection with AFP protection services.

To accommodate this expansion, the Australian Government announced funding for a permanent new home for the AFP in the Parliamentary and Defence precinct in Canberra.

From 2006 most Canberra-based staff will be located under the same roof at Anzac Park West, while the AFP Wanggirralli Ngurrumbai Centre will be upgraded to maintain a permanent home for the IDG and other specialist teams including forensics and IT.

The announcement also led to a community partnership with the Canberra Institute of Technology, where students will work with the AFP to design key areas of Wanggirralli including a driver-training facility.

While much of the AFP's work focuses on national and international arenas, the skills we acquire locally equip us to deal with challenges around the globe.

During the year ACT policing and our protection staff participated in visits by world leaders including United States President George W. Bush and Chinese President Hu Jintao.

The five-year arrangement between the AFP and the ACT Government to provide policing services in Canberra is due to expire in March 2005, and work is underway in developing the next agreement.

Other national developments in the reporting period included transferring the National Missing Persons Unit to the AFP from the Australian Crime Commission. Since 1996 the Unit has provided a national coordinating role to reduce the incidence and impact of missing persons. Placing it within the AFP provides better opportunities to liaise with, and support, law enforcement efforts in Australia and overseas.

Broader responsibilities assumed by the AFP also led to new appointments, including my role as chair of the South Pacific Chiefs of Police Conference, chair of the Board of the Australian Crime Commission, co-chair (with Japan) of the Asia-Pacific Group on Money Laundering and as Deputy Chair of the Australian National Council on Drugs. These appointments will allow the organisation to substantially influence future directions in law enforcement.

To successfully balance the demands of traditional and new policing responsibilities, the AFP has taken new steps to utilise its resources and capacities.

Our performance, measured through quality and quantity, means our annual client survey is an important part of this process. Our 2003 Client Satisfaction Survey showed that 100 per cent of clients for our protective services and international services were satisfied with the level of service provided and 89 per cent of investigation services clients also expressed satisfaction.

Our initiatives delivered through highly skilled people and through our people strategies seek to promote work/life diversity were also recognised with both the Gold and Large Business Awards at the 2004 Australian Chamber of Commerce and Industry work and family awards.

We also moved to honour outstanding staff contributions with the announcement of the Commissioner's Medals for Innovation and Excellence and other commendations and group citations.

## Conclusion

This snapshot of recent achievements is explored in more detail within this report.

The AFP and its supporters can look back on the year with pride as we continue to carry out our mission—to fight crime together and win—with distinction.

I trust the work highlighted in these pages will assure the community and our stakeholders that the AFP has and will continue to work towards building a safer community and a secure future for all Australians.



M J Keelty

## Overview of the AFP

The AFP's strategic position in its operating environment and its priorities are determined in accordance with the *Australian Federal Police Act 1979*, section 8, and by Ministerial Directions issued under section 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 investigating serious or complex fraud. These strategic directions are reflected in the AFP outcomes and outputs framework agreed to with the Government and referred to in this report.

Section 8 of the AFP Act specifies that the functions of the AFP include:

- 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; and
- the provision of police services in relation to the ACT and Australia's External Territories.

Following the passage of legislative amendments at the end of 2003-04 which fully incorporated the Australian Protective Service (APS) within the AFP, section 8A of the AFP Act provides that the Minister may direct that certain protective and custodial functions of the AFP are protective service functions.

In addition to the areas of investigative focus specified by the AFP's Ministerial Direction (see section below), the AFP also has other significant responsibilities, including providing Close Personal Protection (CPP) to Australian high office holders, Internationally Protected Persons (IPPs) and other VIPs, and providing user-pays guarding and related security services consistent with Government interests. 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 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 limited resources are allocated to the highest priority matters. Details on the CCPM are in Chapter 2.

The AFP's business planning framework, introduced in 2000, continued to ensure flexibility and responsiveness in AFP service delivery. The framework was reviewed in the context of implementing a new functional management and reporting model which emphasises a national approach to all AFP activities. The original business planning framework has been correspondingly extended.

The AFP's vision is to fight crime together and win. Its mission is to provide dynamic and effective law enforcement to the people of Australia. As the operational outcomes outlined in this report illustrate, the demands on AFP resources and the complexity of these demands mean the AFP can only achieve its outcomes by working cooperatively with agencies in Australia and overseas, especially in the heightened counter-terrorism and security environment which has been active since 2001. Within Australia, the AFP worked in partnership with the Australian Crime Commission (ACC), the 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, among other agencies and groups.

Internationally the AFP's partnerships with agencies and its international liaison network remained integral to investigating transnational crime. The increasing importance of the AFP's international network in intelligence gathering and sharing was reflected in its rapid growth. The AFP is now represented by 65 members, sworn and unsworn, located in 32 cities in 26 countries.

A major development in enhancing regional capacity to combat terrorism and transnational crime was the establishment of the Jakarta Centre for Law Enforcement Cooperation (JCLEC), a joint Indonesian-Australian initiative building on the cooperative relationship between the AFP and the Indonesian National Police. The Centre was to be formally opened at the beginning of July 2004 by the Indonesian President.

As part of its national and international focus, the AFP operates the National Central Bureau (NCB) for Interpol. The NCB represents all Australian police



services providing a direct link with the 181 member countries of Interpol.

The AFP's role in overseas peace operations was significantly expanded with the Government's decision to commit police and defence force personnel to the multinational Regional Assistance Mission to Solomon Islands (RAMSI). The first contingent of AFP and APS members was deployed to the Solomon Islands (24 July 2003) as part of the Participating Police Force (PPF). The contingent worked with the Royal Solomon Islands Police (RSIP) to restore law and order and stability, and to build the RSIP's capacity to maintain law and order. The PPF comprised personnel from Australia, New Zealand and six other Pacific Islands Forum countries. At the peak of the Solomons activity, more than 200 personnel from the AFP and APS were deployed. By the end of 2003–04 RAMSI had been successful in its initial phase of restoring security within the Solomon Islands, including through the arrest on criminal charges of members of warring militias and others who had been engaging in criminal activities; the surrender and destruction of almost 4,000 firearms; and cleansing corrupt elements of the RSIP.

On 11 December 2003 Australia and Papua New Guinea agreed on an enhanced cooperation program under which Australian officials would work side by side with Papua New Guineans in policing, law and justice and economic and public-sector management. It was agreed that more than 230 Australian police personnel—drawn primarily from the AFP and also from the States and Territories—would be deployed to help build skills and capacity in the Royal PNG Constabulary. Following passage of the necessary legislation by the PNG Parliament, the first AFP contingent was scheduled to deploy to PNG in August 2004.

To better manage new regional law and order commitments and to coordinate them with AFP peacekeeping and peace monitoring roles in Cyprus

and Timor Leste, an International Deployment Group (IDG) was established within the AFP at the beginning of February 2004. The IDG will draw almost 500 personnel from the AFP, the APS and participating State and Territory police services. It provided continuity and a mix of skills across the AFP's international peace operations commitments.

At 30 June 2004 the AFP had 4,800 employees (including APS personnel) in Australia and overseas.

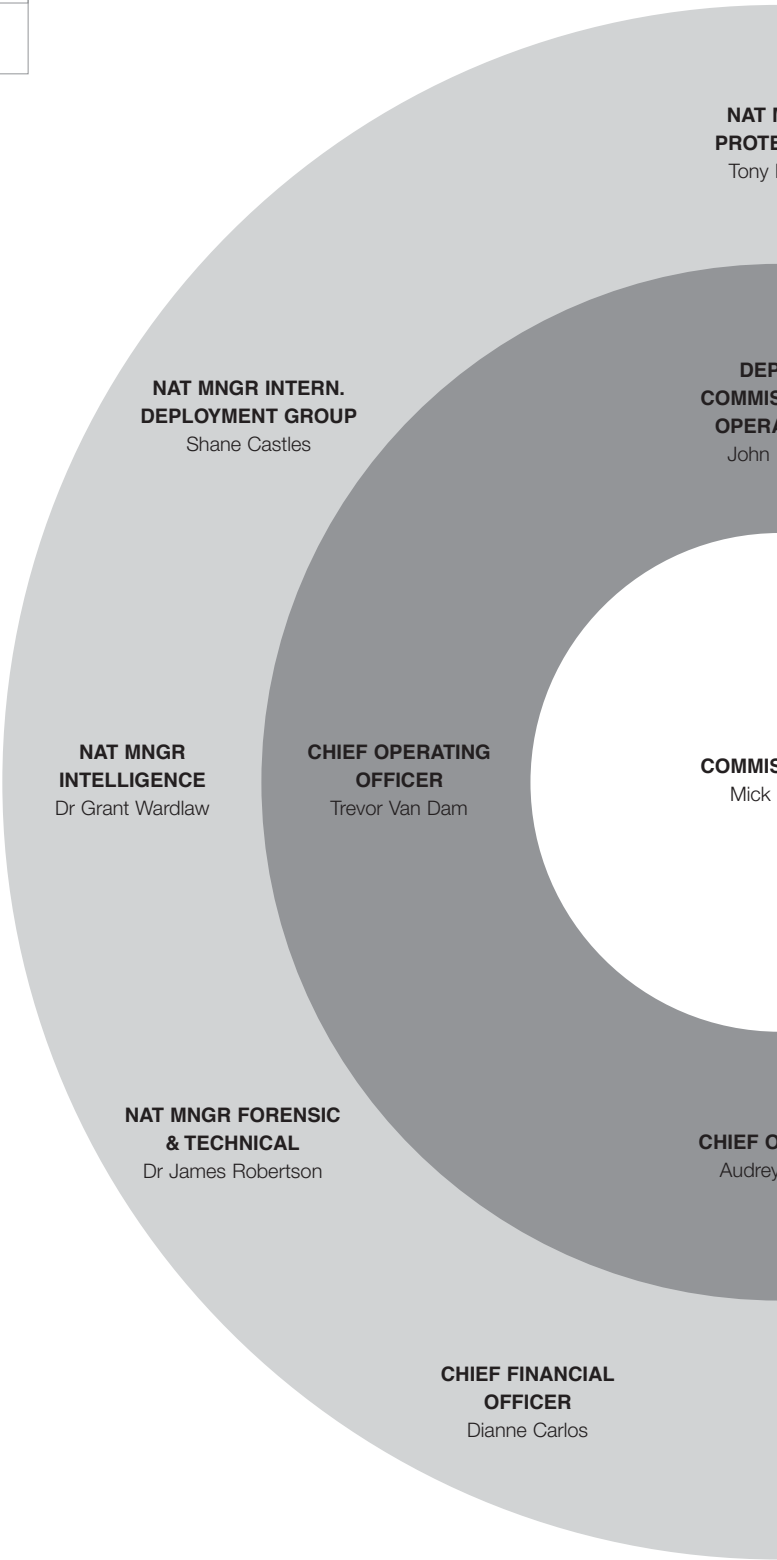
The APS was not to be fully integrated into the AFP until 1 July 2004. The AFP staff number in this situation was 3,473, located in major offices in Canberra, Sydney, Melbourne, Brisbane, Perth, and Adelaide, and in smaller offices in Cairns Coffs Harbour, Darwin, the Gold Coast, Hobart, and Townsville; there were also Resident Agents stationed in Broome, Port Hedland and Thursday Island and members provided community policing services in the External Territories of Cocos (Keeling) islands, Christmas Island, Norfolk Island, and Jervis Bay, along with overseas posts.

Until its full integration into the AFP, the APS was the Australian Government's specialist protective security provider. At 30 June 2004, it had 1,327 employees, located in national headquarters in Canberra and in APS stations in Canberra, Sydney, Melbourne, Brisbane (including the Gold Coast), Perth, Adelaide, Darwin, Hobart, Cairns, Alice Springs (including Pine Gap), Exmouth, and Geraldton. The APS was also responsible for security and counter-terrorist first response at major Australian airports and had a presence at airports in Adelaide, Alice Springs, Brisbane, Cairns, Canberra, Coolangatta, Darwin, Hobart, Melbourne, Perth, and Sydney.

The AFP's executive and managerial structure is shown on page 16. The AFP organisation chart is on page 18.

**Executive Team**

Chart 1: The AFP's Executive and Managerial structure at 30 June 2004





**MANAGER  
SECTION**  
Negus

**DEPUTY  
COMMISSIONER  
OPERATIONS**  
Lawler

**COMMISSIONER**  
Keelty

**CHIEF OF STAFF**  
Fagan

**NAT MGR CT**  
Graham Ashton

**CHIEF POLICE  
OFFICER ACT**  
John Davies

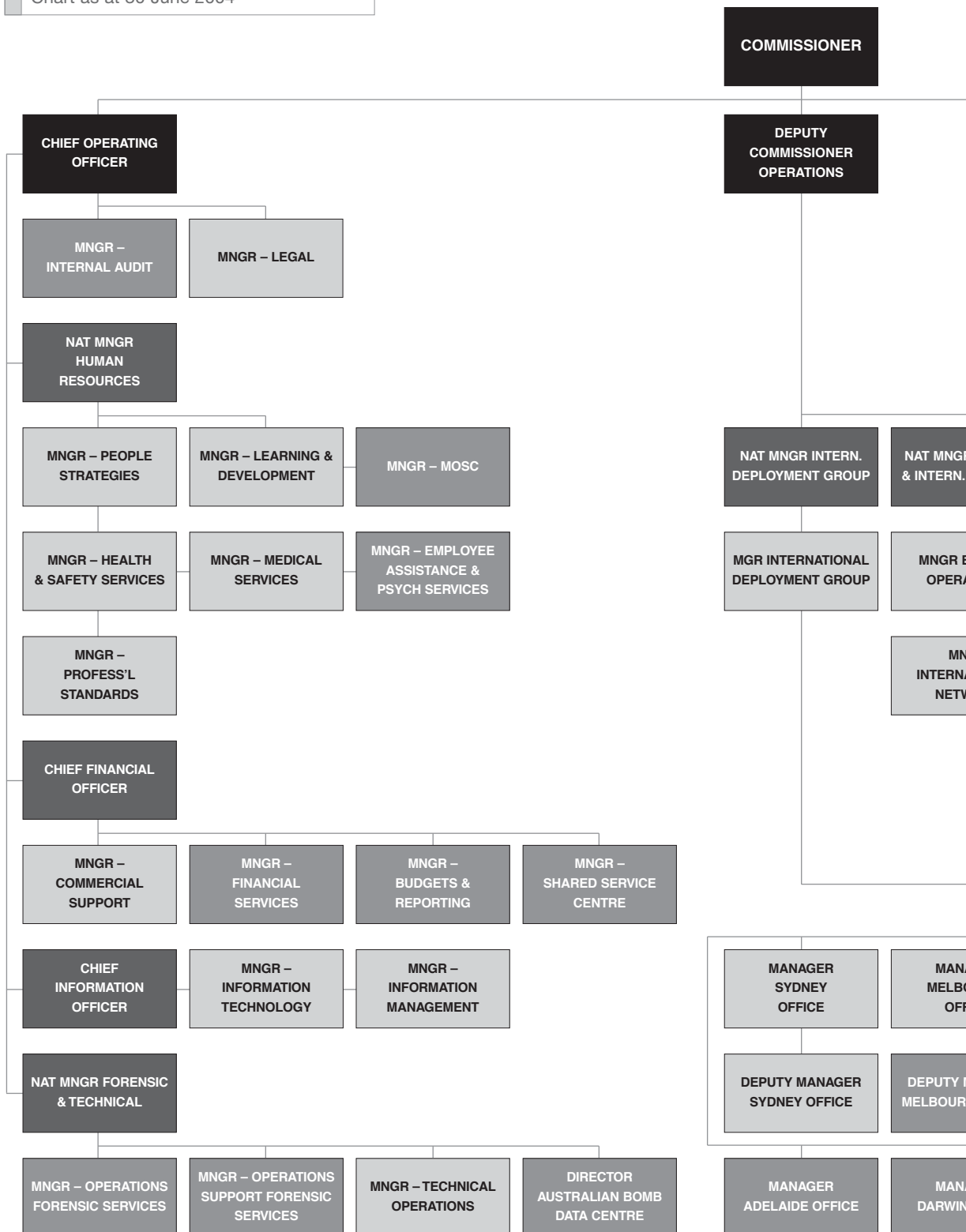
**NAT MGR ECON. &  
SPEC. OPS**  
Shane Connelly (Acting)

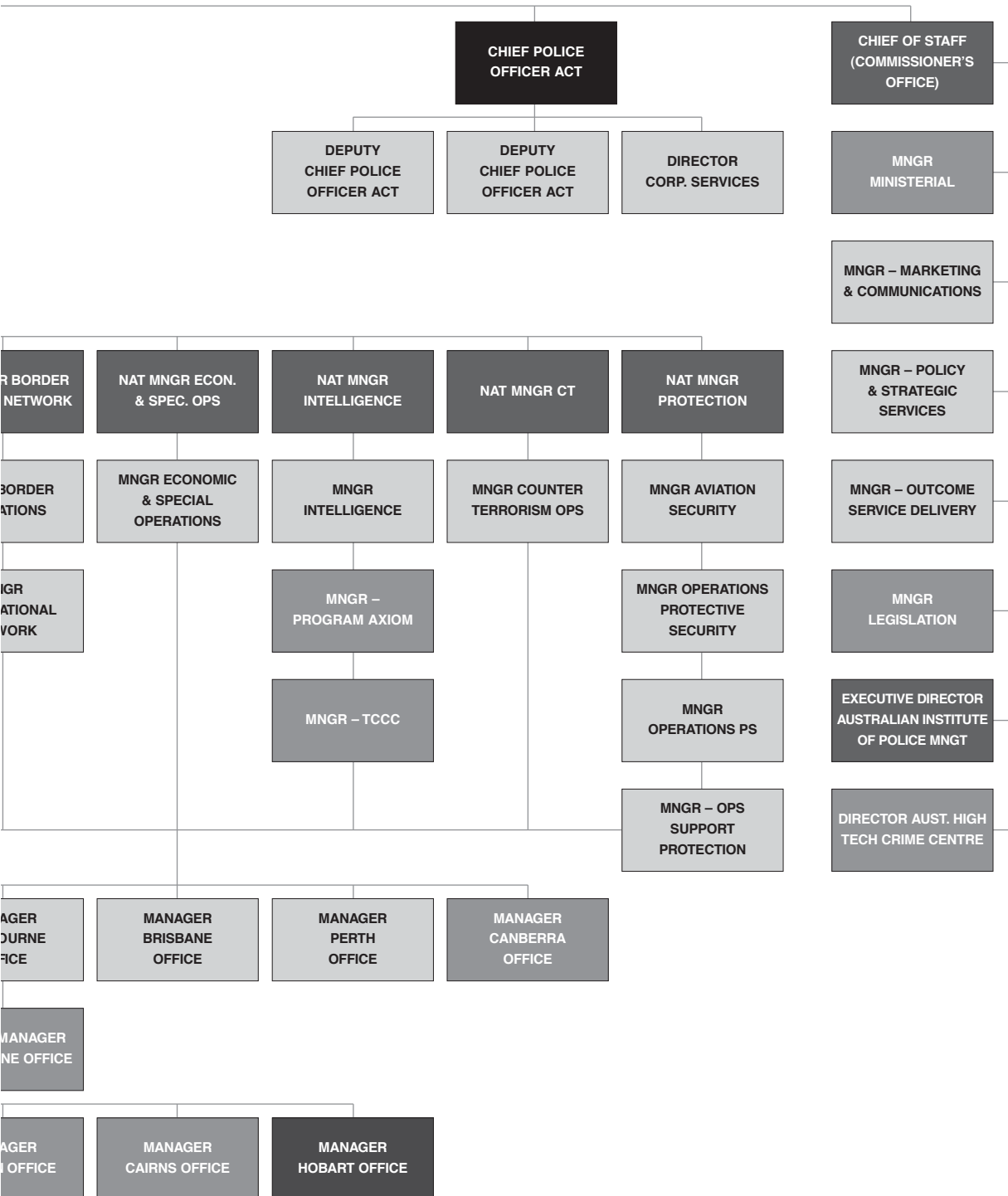
**NAT MGR BORDER &  
INTERN. NETWORK**  
Peter Drennan (Acting)

**CHIEF INFORMATION  
OFFICER**  
Chris Whyte

# Organisation Chart

Chart 2: The AFP's Organisation  
Chart as at 30 June 2004





## Ministerial Direction

Section 37 (2) of the AFP 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:

- ① 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;
- ② investigating special references and performing special taskings from the Government;
- ③ providing an effective contribution to the implementation of the Government's Tough on Drugs strategy; and
- ④ 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 27 September 2000, expects the AFP to give special emphasis to:

- ① countering and otherwise investigating organised people smuggling; and
- ② 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:

- ① preventing, countering and investigating terrorism under Commonwealth legislation;
- ② providing close personal protection to high office holders and guarding and security services for some diplomatic and consular missions, parliamentary offices and some designated government establishments; and
- ③ providing a Counter-Terrorism First-Response (CTFR) capability at major Australian airports in relation to the aviation industry.

APS activities during the year were determined in accordance with the provisions of the *Australian Protective Service Act 1987*, subsection 6.1 and Ministerial Directions. Strategic priorities also resulted from Government policies.

The APS delivered budget-funded and user-pays guarding and security services to clients for, or on behalf of, the Commonwealth Government.

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

## Overview of the reporting structure

The AFP's two-outcome structure aligns its dual roles of providing policing services to the Australian and the ACT governments. This aligns business and accountability to both governments, avoids duplication of reporting and enhances scrutiny by Parliament and the ACT Legislative Assembly.

Outcome 1 focuses on national and international prevention of crime against the Commonwealth and the protection of Commonwealth interests in Australia and overseas. Outcome 2 focuses on the creation of a safe and secure environment in the ACT through the provision of community policing services.

The outcome structure is illustrated on page 22. Minor amendments were made to the composition of the four outputs under Outcome 1. The operations of the new IDG fall under output 1.3, International Services. For consistency, activities performed in the Solomon Islands by the APS component of RAMSI were transferred from output 1.4, Guarding and Security Services, to output 1.3. The activities of the Overseas Liaison Officer network were transferred from output 1.3 to output 1.1, Investigation Services, because they are consistent with those delivered by output 1.1 (although generated internationally rather than domestically).

Last year's annual report noted initial moves towards the introduction of a functionally-aligned business structure and the establishment of a Steering Group to oversee development of the model for implementation from 1 July 2004. The drivers for this structural change included the need to maximise operational performance and enhance accountability, bring greater strategic direction to the management of crime types and ensure that resources are positioned in accordance with the AFP's current and emerging business requirements.

Key changes implemented as part of the move to the functionally-aligned business structure were:

- National Manager positions were created to replace geographically-based General Managers. These new positions are responsible for particular crime types and distinct functional activities. They cover Border and International Network, Counter-Terrorism, Economic and Special Operations, Intelligence, the IDG and Protection;
- National Manager positions were created for Forensic and Technical Services and Human Resources. A new position of Chief Information Officer was also created;
- the National Management Team (NMT), the AFP's peak executive decision-making committee, was replaced with an Executive Management Board (EMB) comprising the Commissioner, the Deputy Commissioner, the ACT Chief Police Officer, the Chief Operating Officer, the Chief of Staff, and two non-executive members, Mr Will Laurie and Ms Elizabeth Montano;
- the Transnational Crime Management Team was replaced with a National Managers Group (NMG), chaired by the Deputy Commissioner, to provide operational governance across the AFP's national and international activities;
- a new position of Chief of Staff position was created to oversee corporate functions governance, policy, media, and other areas, also assisting in the administration oversight for the Australian High Tech Crime Centre and the Australian Institute of Police Management; and
- the strategic and business planning framework was revised, introducing an overall AFP Strategic Plan and Strategic Plans for each functional stream in addition to the existing annual Business Plans.

The new National Manager nomenclature took effect on 2 February 2004 and the functional structure began operating on 5 April 2004 with final implementation taking effect from 1 July 2004. With the initial phases of the integration of the APS successfully managed, the special Executive Director Protection position was abolished and oversight of APS operations became the responsibility of the National Manager Protection.

Implementation of the functional structure was supported by a detailed change management strategy. The strategy provided for extensive internal consultation and communication on the operation of the new structure, consequential amendments to

internal governance instruments, the realignment of corporate support functions and a training program for all managers.

The final NMT meeting was held on 20 February 2004 and the EMB met for the first time on 8 June 2004. The EMB's terms of reference are below. The NMG met on 29 April, 27 May and 24 June 2004. In addition to the NMG, five sub-committees report to the EMB, including the Finance Committee, the Strategic Human Resource Committee, the Security and Audit Team, the Science and Technology Steering Committee, and the Executive Development Committee.

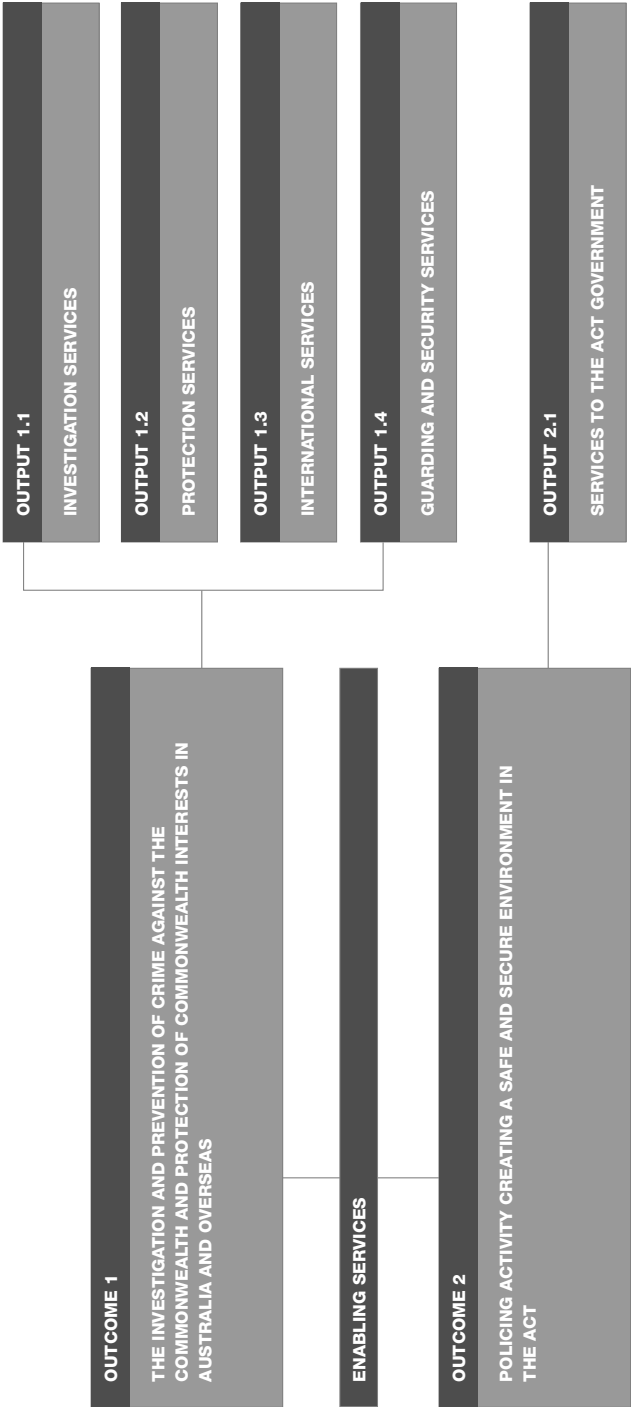
## Terms of reference of the Executive Management Board

Recognising the Commissioner's statutory responsibility and accountability for the organisation, the Executive Management Board (EMB) will:

- contribute to and review the AFP's strategic direction and high-level policy settings, including its corporate vision, mission, ethical framework, and value statements;
- propose organisational objectives and priorities, within the framework of the Ministerial Direction, and the annual allocation of resources to functions;
- contribute to and evaluate the AFP's new policy initiatives to be progressed through the Government's annual Budget process and the AFP's position on existing and emerging law enforcement and whole-of-government policy issues;
- review the performance of AFP business units in meeting organisational objectives;
- monitor the effectiveness of the AFP's corporate governance framework, encompassing a supporting committee structure, governance policies and instruments, and the appropriate delegation of authority through the framework;
- monitor the effectiveness of the AFP's risk-management framework encompassing business risk, audit, disaster recovery and business continuity planning, protective security and fraud, and corruption control;
- support the Commissioner in effectively representing the AFP to clients and stakeholders; and
- communicate the outcomes of its proceedings to the organisation.

# Outcomes and Outputs

Chart 3: The AFP's Outcomes and Outputs structure for 2003–04.



# CHAPTER 2



AFP ANNUAL REPORT 2003–2004

## Outcome 1 – National and international focus

Outcome 1, reflecting the AFP's national and internationally focused policing services provided to the Commonwealth, is the investigation and prevention of crime against the Commonwealth and protection of Commonwealth interests in Australia and overseas.

### Outputs

The AFP produces four outputs that contribute to Outcome 1:

- Investigation Services through which the AFP provides the Commonwealth with a flexible, reactive investigative capacity across a large range of Commonwealth interests;
- 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;
- International Services through which the AFP supports the Commonwealth Government's international responsibilities by providing a range of law enforcement services; and
- 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.



Table A—Funding

	Budget* (1) 2003–04 (\$'000)	Actual (2) 2003–04 (\$'000)	Variation (1-2) 2003–04 (\$'000)	Budget** 2004–05 (\$'000)
<b>Price of Agency Outputs</b>				
<b>Outcome 1</b>				
<i>The investigation and prevention of crime against the Commonwealth and protection of Commonwealth interests in Australia and overseas</i>				
Output 1.1: Investigation Services	262,070	242,034	(20,036)	328,690
Output 1.2: Protection Services	69,236	50,929	(18,307)	56,522
Output 1.3: International Services	193,843	169,583	(24,260)	308,135
Output 1.4: Guarding and Security Services	145,679	133,905	(11,774)	128,679
			0	
<b>Total price of outputs</b>	<b>670,828</b>	<b>596,451</b>	<b>(74,377)</b>	<b>822,026</b>
Revenue from Government	557,671	543,271	(14,400)	711,535
(Appropriation) for agency outputs				
Revenue from other sources	113,157	127,169	14,012	110,491
<b>Total departmental revenue</b>	<b>670,828</b>	<b>670,440</b>	<b>(388)</b>	<b>822,026</b>
<b>TOTAL FOR OUTCOME 1</b>	<b>670,828</b>	<b>596,451</b>	<b>(74,377)</b>	<b>822,026</b>
<b>Outcome 2</b>				
<i>Policing activity creates a safe and secure environment in the ACT</i>				
Output 2.1 Services to the ACT Government	84,879	86,504	1,625	88,620
<b>Total price of outputs</b>	<b>84,879</b>	<b>86,504</b>	<b>1,625</b>	<b>88,620</b>
Revenue from Government	-	-	-	-
(Appropriation) for agency outputs				
Revenue from other sources	84,879	87,216	2,337	88,620
<b>Total departmental revenue</b>	<b>84,879</b>	<b>87,216</b>	<b>2,337</b>	<b>88,620</b>
<b>TOTAL FOR OUTCOME 2</b>	<b>84,879</b>	<b>86,504</b>	<b>1,625</b>	<b>88,620</b>

\* Full-year budget, including additional estimates

\*\* Budget as announced in the Portfolio Budget Statements

## 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,
- levels of client satisfaction with AFP investigations; and
- the level of financial performance of the AFP in delivering cost-effective results.

## Performance

### Intelligence

#### National intelligence collection

Intelligence collection priorities continued to reflect the AFP's strategic direction. These priorities focus on terrorism, illicit drugs (heroin, cocaine and amphetamine-type stimulants), high-tech crime, people smuggling, economic crime, environmental crime, and transnational sexual offences. The priorities underpin the AFP's crime management strategies and provide for early identification of emerging issues with the potential to adversely impact on Australia. Reflecting the AFP's changing domestic and international operational environment, a crime management strategy for counter-terrorism was ratified.

Through the crime management strategies, intelligence is integrated into the broader AFP business planning cycle to ensure resources are allocated against high-impact crimes. Under a new Functional Model (FM) intelligence collection priorities are no longer determined by the Transnational Crime Management Team. This team was superseded by the National Managers' Group which provides high-level governance of operational priorities and resource allocation. The Intelligence Function was restructured to provide a holistic service including a high-quality strategic intelligence function, threat monitoring capability and increased intelligence support to high-priority crime types. Underpinning the service will be new processes and systems, principally in intelligence collection management and the production and dissemination of intelligence product.

#### Management of national intelligence

A National Intelligence Management Team (NIMT), comprising Intelligence Coordinators and chaired by the Manager Intelligence, was created to regularly review the strategic progress of the national intelligence portfolio. The NIMT works closely with the TCCC ensuring that intelligence activities are prioritised in accordance with wider objectives. The NIMT model is flexible and allows AFP offices a degree of autonomy on local intelligence issues and priorities while ensuring they contribute to the national intelligence picture. In line with the model a national intelligence collection effort is being developed.

#### Intelligence functions

The AFP Intelligence portfolio was structured to deliver timely, relevant intelligence in support of AFP main operational activities. Existing services, such as target development, intelligence support to operations, and collection and liaison, will be enhanced through additional staffing and centralising and prioritising tasks.

AFP offices continued to target development work, look at potential targets of local and national significance and provide ongoing support to operations. Within Headquarters, the Transnational Targeting portfolio provided target development, operational intelligence and operations support capability to underpin AFP functional areas. The

portfolio will also be closely aligned with a reconstituted strategic intelligence analysis capability to be formed under the Analytical Services stream. Strategic analysts will be responsible for specific interests but will retain the flexibility and capability to cross over to other crime types or functional streams as required. Analytical Services will be supported by an enhanced AFP Intelligence Product Service governed by national standards, centralised quality control and more coordinated dissemination processes and procedures.

A new National Counter-Terrorism Intelligence stream, combining existing AFP counter-terrorism teams with operational intelligence and threat monitoring capabilities, was established. The Threat Monitoring team would also support teams in other Intelligence Function portfolios and the AFP Executive to ensure timely threat identification.

The collection and liaison area is responsible for identifying coherent national intelligence collection requirements and defining and developing a collection management system. This area was given a new collection management capability to enable it to formalise and standardise the collection of intelligence from AFP and other law enforcement agencies in support of AFP operations. The area is the AFP's front door for all intelligence-related requests, internal or external.

## Program AXIOM

Program Axiom, the AFP's undercover policing program, received \$21.4 million in funding for four years commencing in the 2002–03 financial year.

Funding in 2003–04 (\$5.283 million) enabled Program Axiom to expand its personnel infrastructure comprising diverse areas working together to provide an effective and efficient undercover program.

Program Axiom's full-time team interfaces between management and functional areas. Team members worked with part-time covert personnel, providing high standards of evidence and intelligence collection to functional streams. Strategic gaps identified in the AFP intelligence framework were the focus of intelligence collection across a range of crime-management strategies and intelligence-collection priorities. AFP covert personnel were deployed to investigative tasks and crime types, including high-tech crime, economic crime, money laundering, illicit drugs, counter-terrorism, people smuggling, and

corruption. Their work reflected and responded to the AFP's changing priorities. Program Axiom is supported by administrative and operational services and front-line deployable human resources.

The Australian Institute of Police Management conducted a national review, *Managing the risk of psychological injury associated with undercover policing*. All Australasian undercover programs were examined and Program Axiom met or exceeded the required standards in all categories.

## Transnational Crime Coordination Centre

The Transnational Crime Coordination Centre (TCCC) is located at AFP headquarters and is part of the Intelligence function. It operates a monitoring service and a 24-hour National Assessment Centre, coordinating the flow of operational information between Australia and international partners. The Centre is located in the ICC and can be immediately activated. The TCCC recognises the important role of Interpol in combating transnational crime.

The TCCC has a team that conducts preliminary assessments of referrals made to AFP headquarters. An operations committee secretariat connects AFP operations committees in each office with the TCCC Operations Committee, the AFP's highest operational decision-making body.

## Counter-Terrorism Intelligence

### National Counter-Terrorism Intelligence Teams

Recognising the changing criminal environment, the AFP ratified its crime management strategy for counter-terrorism. Under this strategy AFP Intelligence collects, analyses and disseminates intelligence.

A National Coordinator Counter-Terrorism Intelligence (NCCTIntel) position was created and filled. NCCTIntel oversees counter-terrorism intelligence support to the JCTTs, manages AFP Headquarter's Counter-Terrorism Intelligence Teams, manages seconded counter-terrorism officers, and develops counter-terrorism policy.

Headquarter's Counter-Terrorism Intelligence Teams provided operational and strategic assessments to management, contributing to the wider Australian Government response to terrorism. They also maintained effective liaison and information sharing between the AFP and the intelligence community.

The Al Qaeda and Middle East National Counter-Terrorism Intelligence Team supports AFP counter-terrorism operations in the Middle East.

The Jemaah Islamiyah/Southeast Asia National Counter-Terrorism Intelligence Team supports counter-terrorism operations in the Southeast-Asia region. One priority was to continue supporting AFP officers helping the Indonesian National Police apprehend remaining suspects for the 2002 Bali bombings.

Operational Counter-Terrorism Intelligence and Threat Monitoring teams were to be created under the crime management strategy.

## National Threat Assessment Centre

The National Threat Assessment Centre (NTAC), housed in ASIO Headquarters, was launched in October 2003 to provide round-the-clock threat assessments on Australian security issues. Two officers—one each from the Protection and Intelligence Functions—were seconded to the Centre. AFP officers, with ASIO and other counterparts, assessed the likelihood and probable nature of terrorism and other acts of politically motivated violence against Australia, against Australian citizens here and abroad and against Australian interests overseas. To achieve this, the officers and their counterparts comprehensively monitored and analysed all intelligence and information relating to terrorism available to the Australian Government.

## Joint Counter-Terrorism Intelligence Coordination Unit

The Joint Counter-Terrorism Intelligence Coordination Unit (JCTICU) was established in September 2002 to increase collaboration between agencies in combating the threat of terrorism. Hosted by ASIO, the unit comprises AFP and Australian intelligence agency representatives.

The primary responsibility of the Unit is to advise on investigative and operational opportunities that could further a counter-terrorism investigation.

The JCTICU assisted AFP counter-terrorism investigations, with referrals from JCTTs in Canberra, Brisbane, Melbourne, Sydney, Perth, and Darwin.

## Counter-Terrorism

The AFP continued to cooperate closely with international, Australian Government and State and Territory partner agencies on counter-terrorism activities, including the Attorney-General's Department (AGD), the Protective Security Coordination Committee (PSCC), the Australian Security Intelligence Organisation (ASIO), the Department of Foreign Affairs and Trade (DFAT), and State and Territory police services. Whole-of-government approaches in developing and implementing counter-terrorism measures continued to enhance Australia's capacity to combat terrorism in the region.

The AFP's strong relationship with the Australian intelligence community was critical to supporting its endeavours to combat terrorism. The National Threat Assessment Centre (NTAC) and the Joint Counter Terrorism Intelligence Coordination Unit (JCTICU), which include comprising AFP representation, were a vital component of this intelligence network.

## National Security Hotline

Of the 19,735 National Security Hotline reports prepared, the AFP referred 538 matters internally.

## Joint Counter Terrorism Teams

Joint Counter Terrorism Teams (JCTT), comprising AFP and State and Territory personnel, provided a strong, coordinated, national operational capacity for responding to domestic and regional threats and incidents.

There were 11 JCTTs with 37 AFP officers, 14 AFP-funded police officers from the States and Territories and 10 investigative support staff. CTTs drew further resources from the AFP and State and Territory police services to meet operational demands. The majority of JCTT members received formal AFP training in terrorism investigations.

## Jakarta Operations Centre

JCTTs were deployed to Indonesia to assist the Indonesian National Police (INP) on terrorism-related matters under the Jakarta Operations Centre (JOC). The team has investigative, intelligence and specialist technical skills enabling members to undertake a number of roles including deploying members to field operations to assist the INP.

## AFP counter-terrorism offshore deployments

AFP relations with international partner agencies were enhanced as part of the global response to terrorism.

Operationally, the AFP sent terrorism-related offshore deployments to countries such as Indonesia, the Philippines, Turkey, and Spain with the knowledge or invitation of the host country.

### Operation Alliance—the Bali bombings

Joint INP-AFP teams assisted in locating or apprehending a number of suspects/offenders believed to be involved in the Bali bombings; operational activities led to the apprehension of persons with significant links to terrorist group Jemaah Islamiah.

Thirty-six were arrested in relation to the bombings. Of the 33 convicted of terrorism charges, three were sentenced to death and four to life imprisonment. The remaining 26 were sentenced to imprisonment terms ranging from three to 16 years.

The AFP supported the Australian Government's arrangements for commemorations in Bali on 12 October 2003 and at Parliament House, Canberra, on 16 October 2003.

The AFP also held services and functions around Australia on 12 October 2003 to remember the 202 who died as a direct result of bombings (including 88 Australians).

### Other offshore deployments

On 10 July 2003 an explosive device was detonated in the crowded market area of Koronadal City, Mindanao, Philippines, causing three deaths and injuring 27 people. Four AFP members were deployed to provide forensic support to the Philippines National Police (PNP) and establish working relationships with PNP investigators and

intelligence officers in the General Santos City and Koronadal City regions.

On 5 August 2003 a bomb exploded outside the JW Marriott Hotel in Jakarta. At the request of the Indonesian Government, the AFP deployed 23 members to assist the INP with investigations. Members with specialist skills were drawn from Investigations, Forensic Services, the Australian Bomb Data Centre (ABDC), and intelligence areas. Thirteen were killed (no Australians) and 137 injured. One Australian received minor injuries which were treated in Indonesia.

In response to the November 2003 terrorist bombing of the British Consulate in Istanbul, Turkey, the AFP deployed one investigations member to liaise with the Turkish and British Police during investigations. One Australian was killed.

The AFP deployed a Forensic member and an ABDC member to Madrid, Spain, to assist in the investigations of the 11 March 2004 terrorist attack.

The AFP deployed three dedicated Counter-Terrorism Liaison Officers to London, Washington and Kuala Lumpur to focus on counter-terrorism and to enhance cooperative working arrangements with counter-terrorism units in these countries.

## Philippines counter-terrorism assistance initiative

The AFP signed a protocol with Philippines law enforcement authorities on 20 April 2004 to launch a \$3.65-million project to help build the country's counter-terrorism capacity.

An AusAID- and AFP-funded project is part of the Australian Government's three-year, \$5-million Philippines counter-terrorism assistance initiative. The project is designed to build the capacity of Philippines law enforcement agencies in intelligence sharing, bomb investigation techniques, forensic capacity, and other counter-terrorism areas at strategic and operational levels.

The AFP deployed an officer to Manila to help deliver the project and advise Philippines law enforcement agencies. The project illustrated the AFP's commitment to its Law Enforcement Cooperation Program (LECP) which strengthens collaboration between Australia's partners in the Asia-Pacific region and helps develop regional counter-terrorism and transnational crime capabilities.

## Jakarta Centre for Law Enforcement Cooperation

At the February 2004 Bali Regional Ministerial Meeting on Counter-Terrorism, Australia and Indonesia announced the establishment of the Jakarta Centre for Law Enforcement Cooperation (JCLEC). Australia will contribute \$38.3 million over five years to developing the Centre. The funds will be used for physical infrastructure, technical equipment, training, and gaining operational expertise.

JCLEC's key objective is to enhance the operational expertise of regional law enforcement personnel in dealing with transnational crime. A primary focus is counter-terrorism skills. The JCLEC will draw upon the benefits and experience of Indonesian and Australian law enforcement cooperation and house technical and operational experts to be deployed in response to terrorism across the region.

The AFP is the lead in providing Australia's contribution to the Centre. The Centre, due to be opened on 3 July 2004, is expected to be fully operational by the end of 2004.

The JCLEC will also strengthen relationships with relevant regional bodies such as the South-East Asian Regional Centre for Counter Terrorism in Kuala Lumpur and the International Law Enforcement Academy in Bangkok. JCLEC will be an Indonesian facility.

## 2004 Police Commissioners Conference

The 33rd Police Commissioners Conference (PCC) met in Sydney in March 2004 to discuss terrorism and national security. The AFP updated participants on its counter-terrorism offshore capabilities, operational case studies, the development of guidelines for investigating terrorist incidents, and combating identity theft and fraud-related issues following a natural disaster or terrorist incident.

## Heads of Police Counter-Terrorism Conference, May 2004

The AFP continued working closely with State and Territory counter-terrorism counterparts and, in May 2004, hosted a one-day Heads of Police Counter-Terrorism Conference in Sydney. The conference

enhanced State and Territory police understanding of AFP activities.

## Counter-terrorism training

The AFP continued developing counter-terrorism investigation training programs and delivering them at the AFP College in Canberra. Training is primarily provided to AFP and State and Territory police counter-terrorism investigators.

The AFP designed the Advanced Counter-Terrorism Investigations Program (ACTIP). Three programs were delivered at the AFP College to 49 participants including 19 from State and Territory police services and two from the New Zealand Police.

As a result of the Bali bombings, the AFP implemented a Family Liaison Program using trained Family Liaison Officers (FLO). In the year under review, FLOs contacted victims and their families to help with attendance at court in Bali and facilitate inquiries about the investigation. FLOs also coordinated the return of property to victims and families.

Thirty participants attended two FLO training courses with a counter-terrorism focus at the AFP College. AFP, South Australia and New Zealand Police members attended.

The AFP helped regional law-enforcement agencies prepare and deliver terrorism-related training. For example, following an agreement made during the ASEAN Ministerial Meeting on Terrorism and the Chiefs of Police Conference, the AFP conducted a post-blast investigations workshop in Kuala Lumpur (February 2004). Similar courses were held in Singapore.

Such workshops presented the AFP with an opportunity to strengthen cooperative arrangements with regional law enforcement agencies.

## Exercise Wyvern Primo

In September 2003 the AFP participated in a Counter-Terrorist Overseas Response Group (CTORG) exercise named Wyvern Primo. The primary objective of the exercise was to test the whole-of-government capacity to respond to an offshore terrorist incident involving Australian interests.

During the exercise, AFP members were deployed to New Zealand to an overseas response scenario alongside other Australian government agencies while staff in Canberra worked in supporting functions.

The AFP also activated the Incident Coordination Centre (ICC) at AFP Canberra Headquarters to support the exercise and test the ICC capability and functions.

This exercise was beneficial in that it tested and validated the AFP's off-shore response mechanisms with operational procedures refined for future deployments and exercises.

## Multi-Jurisdictional Exercise—Mercury 04

During March 2004, the AFP participated in the first Multi-Jurisdictional Exercise (MJEX), Mercury 04, as part of the National Counter-Terrorism Committee (NCTC) capability development program. Whole-of-government activities, such as MJEX, continued to receive strong and active AFP support. They tested response and inter-operability arrangements for terrorist incidents.

The AFP dedicated significant resources to the four participating jurisdictions. The Incident Coordination Centre (ICC), located in the Transnational Crime Coordination Centre (TCCC) at AFP Headquarters, was activated during the exercise.

The AFP tested:

- communications between AFP and State and Territory police commissioners (or delegates) when responding to a national terrorist situation;
- the role and effectiveness of the JCTT in investigating, managing, coordinating (in collaboration with other jurisdictional resources), and responding to a terrorist situation on a national scale;
- accurate and timely reporting of a critical incident to enable effective communication between Australian Government and State and Territory partners and support the extraction of a protected principal from an incident site;
- operability, capacity and integration of AFP response and coordination arrangements, with information flow and reporting primarily directed through the ICC; and
- integration and value of AFP intelligence efforts in national and jurisdictional intelligence response mechanisms activated to support a national terrorist situation.

## Legislative developments

The AFP worked closely with the AGD to develop and implement legislation relating to law enforcement and national security.

Legislative reform included introducing the Surveillance Devices Bill 2004, the *Anti-terrorism Bill (No. 1) 2004*, the *Anti-terrorism Bill (No. 2) 2004*, the *Anti-terrorism Bill (No. 3) 2004*, and the *Telecommunications (Interception) Amendment (Stored Communications) Bill 2004*.

The AFP investigated persons suspected of committing offences against the terrorism provisions of the *Criminal Code Act 1995*, including the activities of Willie Brigitte. Some matters are before the court.

## Terrorist financing

The AFP helps financial institutions determine whether an asset is owned or controlled by a proscribed person or entity. When assistance is sought under the *Charter of the United Nations Terrorism and Dealing with Assets Regulations 2002*, the AFP is contacted through the AFP's National Assessment Centre. During the year 110 requests for assistance were received.

## Illicit drugs

The AFP continued to give high priority to measures directed at reducing the trafficking and supply of illicit drugs to and within Australia, in cooperation with its overseas and Australian law enforcement partners.

The AFP's approach aligns with the Australian Government's Tough on Drugs initiative, which provides ongoing funding for a number of aspects of the AFP's operations against illicit drugs. The AFP also benefits from the collaborative efforts of agencies and organisations involved in the National Drug Strategy. The strategy promotes and supports ongoing capacity building of federal law enforcement agencies to disrupt criminal syndicates and create an environment hostile to drug trafficking.



## Heroin

The heroin market in Australia remained stable, at levels well below the late 1990s. A major heroin shortage became apparent in late 2000 and, while availability increased, there was not a return to the 'street markets' that existed prior to the shortage.

Research conducted by the National Drug and Alcohol Research Centre indicated that the levels of use remained less than before the shortage<sup>1</sup>. Australian Crime Commission statistical data indicated that the median purity of heroin seized by State and Territory police had been substantially lower in the years since 1999 and the advent of the heroin shortage<sup>2</sup>. Accidental deaths from opioids also remained at levels equivalent to the early 1990s, with some 600 fewer fatal overdose deaths per year than were occurring in the late 1990s.

In addition, the heroin shortage appeared to have substantially reduced the robbery rate in Australia. The New South Wales Bureau of Crime Statistics (BOCSAR) found a correlation between the rate of heroin use in the community and robbery. Robbery rates rose rapidly through the 1990s and then fell commensurate with the heroin shortage. According to BOCSAR, the heroin shortage in Australia early in 2001 led to a steep fall in the prevalence of robbery across the country and showed the importance of stemming the flow of heroin across our borders<sup>3</sup>.

As a relatively wealthy country with a known heroin market, Australia remained attractive to major syndicates interested in resuming high-level importations. Most heroin imported into Australia originates in Burma. Opium cultivation in Burma steadily declined since the mid-1990s when estimated production was 1,760 metric tons. In 2003 estimated production was only 810 metric tons.

The major opium cultivation global region is Afghanistan where production, which dropped to 185 metric tonnes in 2001 from 4,565 metric tons in 1999, returned to high levels. Opium production for the 2003 Afghan cultivation season was 3,600 tonnes and preliminary estimates for the 2004 crop was likely to exceed this. Afghan heroin is generally trafficked to Europe and the United Kingdom. There appeared to be no established major trafficking networks to bring heroin to Australia. However

trafficking syndicates are highly flexible global businesses that look to exploit opportunities for profit as they occur.

The AFP seized 67.9 kg of heroin. This was less than in recent years. The lower seizure rate reflected the continued impact on the major crime syndicates of the disruption created over the past years and a lessening demand on the reduced Australian heroin market.

AFP Intelligence was aware of traditional import syndicates and the continued interest in the Australian heroin market by development of new trafficking groups and routes. Heroin is expected to remain a considerable threat to the Australian community for the foreseeable future.

## Significant achievements

- ① In November 2003 two people were arrested and 21 kg of heroin seized in an investigation into a Malaysian-based narcotics distribution syndicate operating between Malaysia and Australia. The syndicate was believed to be responsible for two previous heroin importations investigated by the AFP during which 18.9 kg of heroin was seized.
- ② In August 2003 an investigation into the importation of 15 kg of heroin, detected in an industrial oven imported into Sydney from Shenzhen, China, took place. Three persons were arrested.
- ③ The AFP and Hong Kong Police investigated the activities of a Hong Kong-based syndicate involved in importing large quantities of narcotics into Australia. Eight people in Australia were arrested and 76.5 kg of methylenedioxymethamphetamine (MDMA), 3.5 kg of heroin and \$702,000 seized. Inquiries into syndicate members were ongoing.

## Cocaine

Colombia, Peru and Bolivia remained the largest source countries for the supply of cocaine to global markets, including Australia. A decline in coca cultivation in Colombia began in 2001; however, despite another almost 16 per cent drop in

<sup>1</sup> Courtney, C., Degenhardt, L. & Roxburgh, A. (2003). Illicit Drug Reporting System Drug Trends: December 2003 Bulletin. Sydney: National Drug and Alcohol Research Centre.

<sup>2</sup> ACC. (2004). Illicit Drug Data Report 2002-03, Australian Crime Commission, Canberra.

<sup>3</sup> BOCSAR (2003). The impact of heroin dependence on long-term robbery trends, Media Release, 10 December 2003, New South Wales Bureau of Crime Statistics, New South Wales Attorney General's Department.

<<http://www.lawlink.nsw.gov.au/bocsar1.nsf/pages/media101203>>



cultivation from 2002 to 2003, the country remained the largest coca grower in the world.

The emerging trend of smaller cocaine seizures and the growing use of the postal system to import cocaine into Australia continued.

Unlike the large cocaine seizures of 2000 and 2001, the past 12 months saw a reduced quantity of cocaine seized. Seizure trends highlighted that traffickers were more frequently importing lower quantities using mail and parcel post. This trend reduced the quantity of cocaine seized. The amount of cocaine seized, however, was higher than in the previous reporting period (119 kg compared with around 66 kg).

Air passenger detections in the past 12 months pointed to a trend of using multiple couriers on flights, with each courier carrying between 1 and 2 kg of cocaine. Common nationalities and the travel patterns of couriers suggested a high level of organisation.

Although the AFP continued to investigate possible importations by sea, no large-scale attempted importations by ocean-going vessels were noted, as they were in 2002–03.

NSW remained the focus of cocaine importation and consumption. Of the 703 seizures made, 600 were in the State representing 89 of the 119 kg of cocaine seized.

Smaller amounts of cocaine were seized from couriers and through international mail exchange.

## Significant achievements

- 1 In August 2003 4.9 kg of cocaine was seized in the luggage of a passenger who arrived in Sydney from the Dutch Antilles. Efforts to identify the principal continued through the overseas liaison network.
- 2 On 15 October 2003 an Australian passenger arrived at Brisbane International Airport from Caracas, Venezuela. His suitcase was x-rayed and 46 packages of cocaine found in a hidden compartment. The net weight of the cocaine was 5.78 kg.

## Significant sentencing decisions

- 3 In July 2001 an investigation into the largest seizure of cocaine in Australian history began after 938 kg of cocaine was seized in an AFP operation at Dulverton Bay, Western Australia. The cocaine originated from South America and was conveyed in a fishing trawler. Two Americans and three Colombians were arrested. One American and one Colombian pleaded guilty and were sentenced to 25 years and life respectively. On appeal in May the American was sentenced to life imprisonment. In August 2003 a second Colombian was found guilty and sentenced to life imprisonment with a non-parole period of 26 years. The charges against the third Colombian were dropped by the Commonwealth Director of Public Prosecutions. The second American was deported to the United States.
- 3 In August 2000 317 kg of cocaine was seized during search warrants in a joint operation in Adelaide, South Australia. In March 2004 the defendant was sentenced to 20 years imprisonment in relation to a Possess Prohibited Imports charge. A joint AFP-Argentine Federal Police investigation into an alleged Australian, Argentinean and Peruvian transnational organised crime syndicate resulted in the seizure of 3.7 kg of cocaine and the arrest of five people in Australia (February 2003). Ten others were arrested and 22 kg of cocaine seized in Buenos Aires, Argentina. One of the Australia-based defendants was sentenced to 13 years imprisonment and another to 12 years and six months.

## Amphetamine-type stimulants

Amphetamine, methylamphetamine and MDMA continued to be the main amphetamine-type stimulants (ATS) imported into Australia. MDMA represented the major portion of ATS seizures, in weight and number. The weight of MDMA seized fell by 10.3 per cent, from 899.9 kg (2002–03) to 807.3. The number of seizures also fell—from 334 to 283. NSW remained the focal point for MDMA importations with 73 per cent of AFP seizures.

The number and weight of ATS seized (other than MDMA) fell significantly by more than 65 per cent from the previous reporting period. In 2002-03, there were 141 seizures (459 kg) compared to 130 (153.6 kg). Very little crystalline methamphetamine (ice) was seized, in contrast to previous years which consistently saw increases (from 1999-2000).

Non-parcel post seizures in excess of 5 kg accounted for more than 90 per cent of the weight of ATS seized. However, as in previous years, the postal stream accounted for the majority of ATS seizures. While parcel posts represented only two per cent of the weight of ATS seized, this method accounted for 74 per cent of ATS seizures. This continued to highlight that the ATS threat was from organised criminal groups and amateur and speculative importers.

## Significant achievements

- ➊ In July 2003 a shipping container from the Netherlands was searched by Customs officers in Sydney. Seven blue steel water filters containing 106.6 kg of MDMA tablets were located and seized. A controlled operation resulted in the arrest of two Dutch people.
- ➋ In October 2003 a consignment of an agricultural irrigator holding a large amount of piping arrived in Sydney from Belgium by sea. Approximately 195 kg of MDMA tablets was concealed in the piping. In early November 2003 six persons were arrested in Australia and approximately \$24,000 seized. Following the arrests, Belgian authorities arrested eight persons and seized significant evidence in relation to the joint investigation and other criminal matters.
- ➌ In December 2003 the AFP, Western Australia Police and the United Kingdom National Crime Squad (UK NCS) investigated a transnational MDMA trafficking syndicate resulting in 13 arrests and the seizure of 33 kg of MDMA concealed in a consignment of refrigerators imported from the United Kingdom. AFP agents arrested nine suspects in Sydney. Two others were arrested in Darwin. Simultaneously, the UK NCS arrested two men in Britain, who were the subject of an extradition application.
- ➍ On 8 January 2004 an American arriving in Melbourne tested positive against an ion scan for cocaine. Documentation relating to an importation of an Envirotainer (refrigerated air cargo container) was found in his luggage. Subsequent investigations found 20 kg of MDMA in two Envirotainers. Three people were arrested and were before the courts.
- ➎ On 16 February 2004 approximately 36 kg of MDMA was seized in Melbourne. The MDMA was concealed in wooden crates containing antique chandeliers. Seven people were arrested, two of whom were suppliers of MDMA to the Victorian and NSW markets.
- ➏ The AFP and Queensland Police Service investigated a proposed importation of 1.5 tonnes of pseudoephedrine hydrochloride by a criminal syndicate and arrested six persons on 30 March 2004. The AFP was liaising with the Philippines Drug Enforcement Agency on the progress of the prosecution against Philippines-based offenders.
- ➐ On 9 June 2004 a multi-agency investigation into the activities of a Hong Kong- and Malaysia-based syndicate led to the seizure of a clandestine laboratory and precursors for the production of up to 1,000 kg of crystal methamphetamine (ice) in Fiji. The investigation emerged from a multi-agency agreement between law enforcement agencies in Malaysia, Fiji, Philippines, New Zealand, Hong Kong, and Australia. It focused on the syndicate's ability to establish a clandestine ATS laboratory in Fiji and the subsequent trafficking of illicit drugs into Australia and other countries in the Asia-Pacific region. Six people were arrested and charged.
- ➑ On 18 June 2004, as a result of intelligence gathered by the AFP, Customs officers searched a shipping container in Sydney which originated in the Netherlands. Three hundred kg of MDMA powder was located between packaged Chinese wonton pastry sheets. A cooperative operation between the AFP (Sydney and Brisbane) and the Joint Asian Crime Group arrested and charged four people.

## Human source handling

As the law-enforcement environment becomes more complex, cultivating and managing human sources becomes more important. Transnational crime syndicates are sophisticated and increasingly aware

of law enforcement methodologies. Globalisation, the threat of terrorism and the impact of crime on the community have created demand for the efficient sharing of Australasian law enforcement intelligence resources through partnerships.

In some cases, traditional investigation methods are hindered and technology exploited to the detriment of AFP operations. One selectively-placed human source can negate the need for many months of investigation and the deployment of expensive specialist equipment. The AFP Human Source Management Team is negotiating with other law enforcement partners on exchanging and sharing of human resources.

The AFP established governance in relation to Human Source Management. The AFP strives to be a leader in policy and practices, with a strict regime of compliance and professional personnel administering human source management. In effecting governance, the AFP continually reviews Human Source Management policy to ensure contemporary practices are met.

Using Human Sources led to the arrest of principal organisers involved in people-smuggling operations and the interception of suspected illegal entrant vessels heading for Australia. It also led to the arrest and interdiction of persons responsible for importing illicit drugs into Australia and some destined for foreign shores.

## People smuggling

A Section 37(2) Ministerial Direction, dated 27 December 2000, requires the AFP to give special emphasis to countering or investigating organised people smuggling and contribute to implementing a whole-of-government approach to unauthorised arrivals. In accordance with the Direction, the AFP continued to investigate and disrupt organised people smuggling to Australia.

The People Smuggling Strike Team (PSST), other AFP investigation teams and the AFP Overseas Liaison Network contributed to the ongoing suppression of people smuggling by boat to Australia.

The PSST is a joint team of AFP members, DIMIA investigators and an attached AFP-DIMIA intelligence team. Recognising the value of the PSST, the 2004–05 Federal Budget provided funding for another four years.

With the decline in unauthorised boat arrivals in Australia and, as a result of Australian Government

efforts to counter them, smuggling syndicates in South-East Asia and Indonesia in particular struggled to continue. However, a people-smuggling infrastructure remained in source and transit countries and the threat of people smuggling remained significant. Syndicates targeting Australia attempted to source clients from new countries. They also explored different smuggling methods including different vessel types, embarking points and vessel routes.

People smuggling by air using falsified, forged or improperly obtained documents was an ongoing concern and the AFP continued to develop intelligence and investigate this area of crime.

Work continued on long-term investigations of major organised people smugglers which began when the PSST was established. Many were reaching fruition—two had gone through the courts, several were proceeding to trial, a major target was arrested, and another major suspect extradited. The PSST responded quickly to another target, the subject of an extradition request. The PSST also drew heavily on the work of the AFP's Overseas Liaison Network, provided significant tactical intelligence to partner agencies in Australia and overseas and, in cooperation with other agencies, contributed to the disruption of people-smuggling ventures.

Three instances of unauthorised non-citizens being transported by boat to Australian territory were detected.

- On 1 July 2003 a vessel carrying 53 Vietnamese persons arrived off the coast of Port Hedland.
- On 14 November 2003 an Indonesian vessel carrying 14 Turkish people arrived at Melville Island and was returned to Indonesian waters.
- On 4 March 2004 15 Indonesians were detected on Ashmore Island and repatriated to Indonesia.

In July 2003 the PSST helped the Royal Papua New Guinea Constabulary investigate the detection in Papua New Guinea of ten people using false travel documents. Three were convicted of immigration offences. In addition, a significant people-smuggling operation was disrupted and considerable intelligence on people smugglers in the region gathered.

To further the strategies and objectives developed by the Ad Hoc Experts Group II of the Bali Ministerial Conference of April 2003, the AFP helped fund and organise the Inaugural People Smuggling Regional Targeting Workshop in Bangkok, Thailand, on 24 and 25 May 2004.

The workshop aimed to identify transnational people smuggling or trafficking targets of interest to a significant number of participating countries. This would point to subjects for an ongoing process aimed at targeting people-smuggling/trafficking in the region. Representatives of police agencies in Sri Lanka, Singapore, Philippines, Pakistan, New Zealand, Malaysia, Macau SAR, Japan, Indonesia, Hong Kong SAR, China, Thailand, and Australia attended the workshop. Other agencies interested in the control of people smuggling, such as the International Organisation for Migration and Interpol (Project Bridge), also participated.

The AFP continued to fund the Royal Thai Police Immigration Transnational Crime-Tactical Intelligence Centre and assigned an AFP advisor to it. The Centre supports the ongoing targeting of people smuggling in the region. It also coordinates intelligence in Thailand on people smuggling. The Centre disrupted several syndicates attempting to organise travel by illegal immigrants to Australia.

## Significant achievements

- In July 2003 a Pakistani was extradited from Thailand to Australia to face charges relating to his/her alleged involvement in bringing 396 unlawful non-citizens to Australia on two boats (March and April 2001). The person's arrest followed a lengthy investigation by PSST and overseas law-enforcement agencies.
- An alleged people smuggler was successfully extradited to Australia in November 2003 to face charges over an incident relating to a vessel subsequently referred to as the *Siev X* (October 2001) in which approximately 353 people lost their lives when their vessel sank during its voyage to Australia. The man was alleged to have played an important role in the *SIEV X* venture and to have arranged the voyage of another vessel which brought 147 unauthorised non-citizens to Australia in August 2001.
- In March 2004 a man was arrested by the PSST on his arrival at Kingsford Smith Airport, following an extensive and long-running investigation by the PSST and DIMIA. He was charged in relation to his alleged role in bringing unlawful non-citizens to Australia in February 2000. It would be alleged he was the principal organiser behind the arrival of a vessel carrying 14 Turkish people.

## Significant sentencing decisions

- In March 2004, after a three-week trial in the West Australian District Court, two persons were found guilty of offences under the *Migration Act 1958* and a third person acquitted. Charges arose after the vessel *HAO KIET* arrived off Port Hedland, Western Australia, on 1 July 2003, carrying 53 unlawful non-citizens from Vietnam. An Australian and the captain of the vessel were found guilty and sentenced to the mandatory minimum five years imprisonment with a non-parole period of three years.
- On 27 December 2003 an Egyptian court sentenced a man to seven years gaol after he was found guilty of charges relating to people smuggling, including causing death through negligence, of an estimated 353 people on the vessel known as *SIEV X* in October 2001. The PSST conducted a major investigation into the incident and helped Egyptian authorities prosecute the offender. The offender lodged an appeal.
- On 19 December 2003 a man was found guilty of 12 counts of organising or facilitating the arrival of unlawful non citizens and entered a plea of guilty to one charge of presenting false documents. On 29 January 2004 he was sentenced in the Perth District Court to 12 years in jail with a non-parole period of eight years. The sentence was subject to an appeal.

## Transnational sexual offences

In October 2003, the Australian Government announced a comprehensive \$20-million package of measures to combat human trafficking (sexual servitude) and child-sex tourism. A whole-of-government strategy to combat this crime type was developed allowing for greater focus on victims of trafficking to ensure they are afforded appropriate welfare services and opportunities. An Australia wide case-management program is now in place to assist victims, and a suite of trafficking specific visas were introduced to support victims by allowing them to remain lawfully in Australia and assist in

investigations and prosecutions. A comprehensive victim reintegration program was also established for those victims wishing not to remain in Australia, preferring instead to return to their home countries.

As part of this package, the AFP received \$7 million over four years to complement existing resources from the Transnational Sexual Offence Team (\$11.7 million). The AFP established the 23-member Transnational Sexual Exploitation and Trafficking Team (TSETT) incorporating increased intelligence capacity within the TCCC in addition to supplementing investigative capability to respond flexibly and quickly to the highest priority cases. Funding was also provided to allow the AFP's School of Investigations Management to develop a Human Trafficking and Child Sex Tourism Specialist Investigation Program. Two courses have been successfully completed, involving the use of domestic and international subject matter experts.

## Human trafficking (sexual servitude)

According to the United Nations, human trafficking rates third behind the crimes of drug and firearms trafficking in terms of profit making capacity. Australia is a destination country for human trafficking, (a country that receives victims of human trafficking). The primary source of trafficking victims to Australia is South-East Asia, although a smaller number have also been trafficked from European nations to Australia. Nationalities of victims identified in Australia to date included Thai, Burmese, Indonesian, Korean, Japanese, Chinese, Malaysian, Indian, and Uzbekistani.

These females are usually recruited from countries that suffer from a poor socio-economic environment and/or experience some form of political instability. Victims are potentially attracted by the desire for better social and economic opportunities; however some are deceived by traffickers in relation to the true employment and living conditions offered to them.

Human trafficking involves highly organised transnational criminal groups. The success of trafficking groups is predicated on involvement in other criminal activities, including the production of, or access to, false documentation such as identity cards, passports and travel documents as well as knowledge of, and access to, money structuring and laundering techniques as well as an understanding of migration governance, procedures

and laws. The criminal element of human trafficking occurs in a series of phases identified as recruitment, facilitation, transportation, distribution, and the final element of exploitation.

Historically, organised groups have become involved in human trafficking based on the supply and demand for females to work within the local sex industry of a foreign country. In addition the realisation of high profits coupled with low-level risk involvement provides strong incentives for participation in this crime type.

Since the introduction in 1999 of the Criminal Code (Slavery and Sexual Servitude) Amendment Act the AFP has investigated 79 matters relating to human trafficking for the purposes of sexual servitude and slavery. However, due to the often violent nature of these crimes and the associated coercion, force and threats experienced, victims are sometimes reluctant to provide police with information which would support further investigation. Subsequently, many cases did not proceed to prosecution. To date a total of 20 victims have been identified.

## Significant achievements

- In June 2003 three people were arrested by Sydney TSETT in relation to a sexual servitude investigation. Another person was arrested in August 2003. All were charged in relation to offences against the *Criminal Code (Slavery and Sexual Servitude) Amendment Act 1999*. The matter was still before the court.
- In July 2003 four people were arrested by TSETT Melbourne in relation to a sexual servitude investigation. All have been charged in relation to offences against the *Criminal Code (Slavery and Sexual Servitude) Amendment Act 1999*. The matter was still before the court.
- In February 2004 two people were arrested by Sydney TSETT in relation to a sexual servitude investigation. All have been charged in relation to offences against the *Criminal Code (Slavery and Sexual Servitude) Amendment Act 1999*. The matter was still before the court.

## Child-sex tourism

Commonwealth Child Sex Tourism Legislation provides for the prosecution of an Australian citizen in Australia for child sex tourism offences committed overseas. It is important to note that this legislation is designed to prosecute Australian citizens when prosecution does not proceed in the country where the offence was committed. The legislation contains penalties of up to 17 years imprisonment. The Australian Federal Police (AFP) has the duty for discharging the Commonwealth's responsibility on Child Sex Tourism matters.

The AFP continued to work closely with Australian Government departments and agencies, adopting a whole-of-government approach to bringing perpetrators to justice in Australia or overseas.

Australia is classed as a sending country for child-sex tourism, ie people travel from Australia to foreign destinations that suit their sexual predilections for children. Child-sex tourism is a crime driven by push-pull factors.

Push factors in Australia include:

- ➊ comprehensive legislation criminalising child sexual exploitation;
- ➋ professionally trained domestic law enforcement agencies experienced in combating this form of abuse;
- ➌ a Government that supports and protects the development of children; and
- ➍ an educated public who, at some level, are aware of the rights of children and their susceptibility to abuse.

Pull factors in destination countries include low socio-economic conditions and poor or little education. Countries that had experienced recent civil unrest also provided child-sex offenders with a fertile environment to operate with some level of impunity. Due to Law Enforcement Authorities in Thailand and the Philippines devoting more resources to investigating child sex tourism, child sex offenders are now seeking out other destinations. This is evident by arrests of Australian nationals in Bali, Cambodia, Vietnam, Sri Lanka, Papua New Guinea, Samoa, East Timor, Solomon Islands, and Mexico.

Since 1998, 28 Australians had been charged in countries in which the abuse was committed. Of these, nine were convicted, four deported, one died

before appearing before a court, one charge was withdrawn, two were dismissed, one acquitted, and one person died following sentencing. Nine cases are ongoing.

The AFP leads international efforts to combat sexual offences against children. Through the International Network, the AFP contributed significantly to international investigations aimed at combating child-sex offences.

In 2003-04, the AFP took significant steps to gain a greater understanding of the nature and extent of child-sex tourism and human trafficking throughout our region, including conducting environmental scans in Cambodia, Indonesia, East Timor, Vietnam, Thailand, and the Philippines. Findings from these scans will guide operational and policy directions for these crime types.

Australia has signed Memoranda of Understanding (MOU) to combat sexual abuse and other serious crimes with countries in Asia, the Pacific and South America, to build cooperation and exchange information relating to child-sexual abuse that may help identify groups and individuals involved in the sexual exploitation of children.

A feasibility study conducted in Bali during 2003 focussed on emerging transnational crime issues, including child-sex tourism and sexual exploitation. The study led to the establishment of an AFP post in Bali in March 2004 to better coordinate and enhance capacity in the region.

In December 2003 Child Wise (the Australian arm of ECPAT, End Child Prostitution, Child Pornography and Trafficking of Children for Sexual Purposes) initiated an advertising campaign called Don't Let Child Abuse Travel, launched by the AFP Commissioner. The campaign aimed to make Australians aware of the extra-territorial laws and penalties regarding child-sex tourism. It provided an AFP free-call phone hotline number for reporting suspected child-sex tourists. Campaign information cards and posters were distributed to travel agents and airports throughout Australia and to all AFP Liaison Posts and Embassies overseas. Since the campaign launch in December 2003, 19 calls have been received and investigated by the AFP.



## Economic and Special Operations

Economic and Special Operations is a functional area in the AFP with portfolio responsibility for detecting and investigating major fraud against the Australian Government, investigating a range of other Commonwealth offences, providing advice and assistance to Government departments and agencies, and providing a community-policing service in the External Territories. More specifically, the portfolio is responsible for investigations into the following crime types:

- corporate and bankruptcy;
- corruption;
- counterfeit currency;
- electronic and telecommunications crime;
- environmental crime;
- External Territories;
- family law matters;
- fraud;
- general crime;
- identity crime;
- intellectual property;
- missing persons;
- money laundering and Financial Transaction Reports Act;
- multiple voting; and
- war crimes.

The portfolio contributed to the delivery of Outcome 1, focusing on national and international investigation with prevention and protection of Commonwealth interests in Australia and overseas.

The objective of the portfolio is to position the AFP nationally and internationally as the provider of choice for expert advice and best practice across the diverse range of crime types dealt with in the portfolio.

The following crime types which fall outside of the portfolio were investigated in partnership with other agencies.

### Corporate and bankruptcy

The Australian Securities and Investment Commission (ASIC) is the lead agency for enforcing corporate legislation and investigating breaches. The AFP is typically called upon to assist ASIC investigate major or complex corporate malfeasance. These joint investigations normally involve the AFP providing specialist investigative, technical and forensic support.

The Insolvency and Trustee Service of Australia (ITSA) is responsible for administering and enforcing issues relating to bankruptcy in Australia. The AFP assists ITSA meet its corporate objectives by investigating complex major bankruptcy offences. These offences are predominantly in the form of strategic strikes, selected on the basis that their successful resolution may have a major deterrent effect.

Under its service agreement with ITSA, the AFP is required to accept 95 per cent of strategic strikes. The AFP received 21 referrals; one was rejected as it did not meet strategic strike selection criteria. The remainder were being actioned.

### Significant investigations

- The AFP received a referral from the National Australia Bank (NAB) in January 2004 to investigate the alleged fraud of \$180 million (later revised to \$360 million) through unauthorised foreign exchange trading by four NAB foreign exchange options dealers—three based in Melbourne and one in London. AFP and ASIC believed that possible offences of dishonest conduct by the traders—contrary to the *Corporations Act 2001*—required further investigation. ASIC, the agency responsible for investigating breaches of the Corporations Act, undertook carriage of the investigation and the AFP continued to assist. The investigation was continuing.
- In April 2004 a matter was referred to the AFP by the ITSA, alleging a couple had sold five properties within two years of bankruptcy. The \$591,000 in property sales were not declared to the Trustee. The investigation was continuing.

### Corruption (Special References)

Within AFP headquarters, Head Office Investigations is a specialist team responsible for the investigation of sensitive matters and special references, including espionage, corruption of public officers, unlawful disclosure of Australian Government information, war crimes, and other matters that may impact on good government.

The team's primary focus is the unauthorised disclosure of Commonwealth information by Australian Government officers. This usually results

from non-adherence to Commonwealth Protective Security Manual requirements and relates to document management.

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

While there was no increase in unauthorised disclosures referrals, the potential to cause harm to the Australian Government or individual departments and agencies remained significant. The AFP continued to develop an information package to identify and address issues that regularly arise from these type of referrals. The package, being delivered across Government, provided details on controlling documents and auditing document movements.

### Significant investigations

- ➊ An investigation into the unauthorised disclosure of a report relating to Iraq, authored by Mr Andrew Wilkie (an employee of the Office of National Assessments), was completed. The source of the disclosure could not be identified.
- ➋ An investigation into an alleged fraud of \$1.95 million by an employee of the National Archives was completed. The majority of the funds were recovered and court proceedings commenced against the employee.
- ➌ An investigation into an allegation that a medical researcher provided fraudulent information to the Australian Government to obtain grants of \$160,000 over four years for study was completed. The money was never obtained.

### Counterfeit currency

Before the reporting year, a significant internal review of counterfeit currency was completed. The AFP and Reserve Bank of Australia (RBA) jointly implemented the review's major recommendations during the past 12 months. Twenty-two new cases relating to counterfeit currency investigations were raised. A generic case was used for managing seizures of counterfeit notes where no AFP prosecution action was available. Intelligence was collated by classifying

counterfeit activity into regional locations and linking related offences.

The AFP and RBA continued to destroy counterfeit currency.

### Counterfeit currency statistics

The face value of counterfeit currency seized by the AFP reduced over the past two years. Table B provides statistics compiled by the AFP using monthly information supplied by offices. The number of counterfeits reported to the AFP fell but several current series of counterfeit banknotes remained of concern.

Table B—Counterfeit currency statistics  
(comparison of three years)

	2001	2002	2003
Australian notes (\$)	1,575,020	523,130	288,905
Australian coins (\$)	34	93	4,547
United States (\$)	360,000	86,650	90,030
Euro	N/A	7,300	16,950
UK (GBP)	380	55	120

### Significant investigations

- ➊ The AFP acted on information from the ACC that two suspects were allegedly producing fake Australian \$1 coins in a factory in Southport, Queensland. Search warrants were executed in the Gold Coast area and the suspects arrested and charged with producing in excess of \$4,000 in counterfeit coins. The AFP intervention prevented the production of thousands of counterfeit coins per week.
- ➋ The AFP acted on information that a large number of Australian counterfeit \$20 notes were allegedly being put through a coin change machine at a car wash in Werribee, Victoria. The AFP charged two men and seized the equipment used to manufacture counterfeit notes. The investigation determined that a group of bill verifiers could not identify the counterfeit notes. The RBA and Victorian Gaming Authority were advised and corrective action taken to reprogram the bill verifiers in February 2004.





## Electronic and telecommunications crime

Since its official launch on 2 July 2003 the Australian High Tech Crime Centre (AHTCC) experienced significant growth. The AHTCC included around 30 members and received between 50 and 100 referrals a week through its Internet site ([www.ahtcc.gov.au](http://www.ahtcc.gov.au)). It also operated a 24-hour telephone hotline and handled its own investigations and referrals from other departments and agencies.

The AHTCC was founded on cooperation between all Australian police agencies, other Australian Government departments and agencies, industry groups, and private-sector organisations that shared a common interest in fighting high-tech crime. The AHTCC is primarily staffed by AFP members, but it also includes police seconded from New South Wales, Tasmania, and South Australia. The Northern Territory, Western Australia, Queensland, and Victoria police services are seconding staff. The AHTCC also includes people seconded from the Defence Signals Directorate, ACS, ACC, Australian Bureau of Statistics (ABS), Australian Communications Authority, and the ASIC as well as representatives from the Commonwealth Bank and Westpac Banking Corporation under the Joint Banking and Finance Sector Investigations Team.

Recognising the global nature of high-tech crime the AHTCC continued developing strong relationships with partner law enforcement agencies overseas in conjunction with the AFP's International Network. As a result the AHTCC participated in operations, training programs and intelligence exchanges with organisations such as the UK National High Tech Crime Unit, the UK NCS, the United States Federal Bureau of Investigation (FBI), the US Immigration and Customs Enforcement agency, the United

States Secret Service, the Royal Canadian Mounted Police (RCMP), Interpol, the G8<sup>4</sup>, and Germany's Bundeskriminalamt.

Under the Australian Government's e-Security National Agenda, the AHTCC continued to participate in matters relating to protecting Australia's Critical National Information Infrastructure and cooperated operationally with ASIO and Defence Signals Directorate.

In cooperation with the Australian Computer Emergency Response Team (AusCERT), the AGD and State and Territory police, the AHTCC contributed to developing the 2004 Australian Computer Crime and Security Survey which reported on the security operations of Australia's private- and public-sector organisations. A copy of the report is available at [www.auscert.org.au](http://www.auscert.org.au)

During 2003 the AHTCC provided evidence to the Parliamentary Joint Committee on High Tech Crime for the ACC and to an inquiry by the Victorian Parliament's Drugs and Crime Prevention Committee into White Collar Crime.

Operationally the AHTCC conducted investigations and intelligence operations across a range of crime types, either independently or with teams from the AFP or State and Territory police. These included electronic commerce fraud, online child abuse, computer intrusions, creation and distribution of computer viruses, importation of prohibited substances, and threats against Australia's Critical National Information Infrastructure. The AHTCC also supported other areas such as counter-terrorism, protective security and the multi-agency Identity Crime Taskforce.

In May 2004 the Joint Banking and Finance Sector Investigations Team was formed to investigate electronic commerce crimes in the banking and finance sector. Partners included Australia's five major banks which are committed to seconding staff to the AHTCC. Support was also provided by the Credit Union Society Corporation Australia Limited, the Australian Bankers Association, MasterCard, and VISA International.

The AHTCC continued to provide a central contact point and coordination role with Australian and foreign online child-abuse referrals. This included Interpol, international law enforcement agencies, non-government organisations, and the public.

<sup>4</sup> The G8 is an organisation of developed democratic economies. Members meet regularly to discuss common macro-economic issues.

The AHTCC coordinated international inquiries through the AFP's International Network and Interpol.

In November 2003 a Virtual Global Taskforce (VGT) was formed between the AHTCC, the UK NCS, the RCMP, the FBI, the US Immigration and Customs Enforcement, and Interpol to combat online child abuse. The Taskforce sought to implement crime reduction initiatives across participating jurisdictions to reduce the incidence of online child-abuse activities.

With the AFP the AHTCC began exploring how offenders were using Internet-based technology to facilitate child-sex tourism activities. The Centre continued providing technical and investigative support to AFP investigations and building an understanding of the nature of online offending. These initiatives would continue to draw upon the synergies of the two areas.

## Significant investigations

- ① The AHTCC had a matter before the courts in which a Victorian man was alleged to have launched a denial-of-service attack against the Internet site of his former employer, allegedly affecting the company's ability to trade through the Internet. This was the first hearing under the *Cybercrime Bill 2002* which provided amendments to the *Criminal Code Act 1995* in areas of computer crime.
- ② Numerous investigations into Internet banking fraud and related criminal activity were conducted by the AHTCC through the Joint Banking and Finance Sector Investigations Team. In 2003 an Australian bank alerted the AHTCC that a computer in Perth was being used for the unauthorised access and removal of money from the Internet banking accounts of seven of the bank's customers. The team examined a residential computer and established that overseas criminals were controlling it with a virus and undertaking Internet banking thefts. Inquiries continued with the assistance of overseas law enforcement agencies.

## Environmental crime

The AFP and partner agencies such as the Department of the Environment and Heritage (DEH) are responsible for investigating offences relating to environmental crime. To further contribute to the



AFP's Environmental Crime Strategy, the AFP developed partnerships with key agencies and the community to promote the effective exchange of knowledge and resources.

The AFP's Hobart Office is involved in the Tasmanian Environmental Crime Working Party, comprising representatives from Australian Government and State agencies including the DEH, the Australian Maritime Safety Authority, the Australian Fisheries Management Authority, the National Oceans Office, the Australian Antarctic Division, the Australian Customs Service, the Australian Quarantine Inspection Service, the Department of Primary Industries, Water and Environment, the Department of Tourism, Parks, Heritage and the Arts, the Tasmania Police, Quarantine Tasmania, and Inland Fisheries Service.

## Significant investigations

- ① The AFP, with assistance from the DEH, investigated in June/July 2003 a company allegedly attempting to export computer parts in a shipping container bound for South-East Asia without a permit. Such an export is regulated under the *Hazardous Waste (Regulation of Exports and Imports) Act 1989* if the computer parts are destined for de-manufacture. The matter was with the Commonwealth Director of Public Prosecutions.
- ② In June/July 2003, the AFP worked with the DEH to recover fossilised dinosaur eggs from locations in Australia. Section 14 of the *Protection of Moveable Cultural Heritage Act 1986* prohibits the importation of these items into the country. It was established that the eggs originated in the Peoples Republic of China. It is an offence in China to export fossilised dinosaur eggs and the Australian Government arranged to return the eggs through the Chinese Ambassador in Australia.

- ➊ In April 2004 a man pleaded guilty to unlawfully exporting a Marshall Steam Road Locomotive and attempting to export a Fowler Stump Puller, contrary to the *Protection of Moveable Cultural Heritage Act 1986*. The investigation was complex because the purchaser resided overseas and the AFP had to recover the locomotive from that jurisdiction. The items were forfeited to the Crown and the offender convicted and fined \$1,000.
- ➋ In April 2004 a Panama-registered bulk carrier travelled through a prohibited zone in the Great Barrier Reef Marine Park off Gladstone, Queensland. The AFP responded and the Master of the vessel was convicted of operating a ship in a prohibited zone, in contravention of the *Great Barrier Reef Marine Park Act 1975*. He was convicted and fined \$10,000.

## External Territories

The AFP provides services to Christmas Island, Cocos (Keeling) Islands, Jervis Bay Territory and Norfolk Island. The AFP provides sworn members to all External Territories and uses local community members as special constables.

The AFP held a training course in Canberra for special constables to provide additional skills and enhance their ability to support AFP sworn members.

### Christmas Island

AFP staffing on Christmas Island consists of one sergeant (officer-in-charge), three constables and two locally engaged full-time staff with the assistance of four special constables. The ACS deployed two permanent members to Christmas Island to undertake customs duties. The AFP developed a close working relationship with these members and provided ACS access to the special constables in support of their functions.

The motor registry function transferred to the Christmas Island Shire.

In addition to normal policing duties AFP members continued a crime prevention and safety program; this involved lecturing on traffic safety and community responsibilities to school children.

### Cocos (Keeling) Islands

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

The AFP continued to provide community policing and customs, quarantine and immigration services. The AFP was also the first point of contact for suspected illegal entry vessels and unlawful non-citizens arriving on the Islands.

In early December 2003 the Islands were threatened by tropical cyclone Jana, a category four cyclone with winds in excess of 300 km per hour. The Cyclone Disaster Plan was activated and the AFP adopted the role of territory controller. On the evening of 9 December the Perth Bureau of Meteorology advised that Jana would pass directly over Cocos in 24 hours.

In the end Jana bypassed the islands without major damage. Community members complimented AFP members for their professionalism in handling the emergency.

An additional special member was available to assist with customs, quarantine and immigration functions, allowing AFP members to concentrate on providing community policing services.

The transfer of the motor registry function transferred to the Cocos (Keeling) Islands Shire Council.

Two more special members were engaged on the Island during the year.

### Jervis Bay Territory

AFP staffing at Jervis Bay Territory consists of one sergeant (officer-in-charge), two full-time constables and one part-time constable. There are no special members.

AFP members continued to build on the strong relationship with the local Indigenous community, including team building activities with residents from Oolong House, a local organisation helping Indigenous and non-Indigenous men suffering from drug and alcohol problems.

The AFP continued to be involved with community organisations including the Justice Advisory Group which is responsible for examining legal issues affecting the local Indigenous community at Wreck Bay.

A major bushfire in December 2003 in Booderee National Park burned approximately 70 per cent of the Territory and, although no person was injured and no houses lost, the fire severely damaged the Park and camping and picnic areas. A thorough investigation did not identify the cause of the fire.

**Norfolk Island**

AFP staffing on Norfolk Island consists of one sergeant (officer-in-charge) and two constables. There are three special members.

On 15 February 2003 an investigation began into the arson of a partly constructed dwelling valued at \$500,000. The investigation had not identified offenders and the matter was before the Coroner.

The inquest into the murder of a young woman was conducted in June 2004 with the Coroner returning an open finding. Despite a substantial increase in the reward to \$300,000 no further information was supplied.

On 19 January 2003 the AFP coordinated a major search and rescue operation after receiving information that a vessel with two men was overdue returning from a fishing trip. New Zealand Search and Rescue authorities were notified and a specialist Orion aircraft flown from New Zealand to assist in the search. The men made their own way back to the island days after being reported missing.

**Family law**

The AFP is the primary point of contact for all Recovery Orders, Warrants of Arrest and Writs of Possession issued by the Family Court of Australia. Each major AFP office has a small dedicated Family Law Team to facilitate court requests. Teams are also charged by the Court to place and maintain children's names on the Passenger Alert and Clearance Evaluation (PACE) system.

The AFP either executes the Orders/Warrants/Writs or, in the case of a remote locality, arranges for relevant State or Territory police to do so. Australia is a signatory to The Hague Convention which agrees to promptly return children removed from one convention country to another. The AFP is the conduit for such actions.

The AFP has an MOU with the Family Court of Australia which covers AFP responsibilities such as providing physical security at the Family Law Courts (Sydney and Parramatta), providing advice regarding court security at other locations, overseeing prisoner transfers at court, providing where necessary close personal protection for judicial and court staff, and conducting threat assessments.

**Table C—family law order and PACE alert activities**

FAMILY LAW ORDERS 2003-04	Number
Orders received by the AFP	795
Watch brief	19
Still active	45
In brief preparation	1
Before court	2
Awaiting finalisation	20
Finalised	670
Terminated	1
PACE ALERTS 2003-04	
Generated by the AFP	2,249
Deleted by the AFP	435

**Fraud**

The AFP maintained the lead role in investigating serious and complex fraud committed on Australian Government departments and agencies as specified in the Commonwealth Fraud Control Guidelines. Fraud continued the trend of being more complex and organised, principally from high-benefit payment or revenue collection agencies.

Identity crime is a major tool used by economic crime offenders. Increasingly, false identities are used to obtain legitimate tax file numbers and fraudulently obtain significant refunds from revenue collection agencies such as the Australian Taxation Office (ATO)<sup>5</sup>. Identity crime is prevalent in the majority of Centrelink referrals to the AFP. Fraudulent bank accounts obtained over the Internet were also used by economic crime offenders.

The Crime Management Strategy for economic crime was developed to help departments and agencies counteract the activities of those involved in committing fraud. Strategic changes within the AFP would enable the more efficient allocation of resources to combat fraud in an investigative and intelligence building capacity.

The use of joint partnerships with the public- and private-sector nationally and internationally (including using out-posted agents) continued to form a significant part of the strategy to protect the economic interests of Australia.

<sup>5</sup> For example, see the third case under significant investigations.

In recent years, AFP resources for combating fraud concentrated on high-impact cases that, coupled with a vigorous pursuit of proceeds of crime action, increased the return to Government measured against the money invested in fraud related investigations.

## Significant investigations

- In January 2004 the Commonwealth Superannuation Scheme alleged there was an attempt to fraudulently transfer \$150 million from an account held with J P Morgan Chase to overseas bank accounts. The complex investigation continued and involved liaising and co-operating with other Australian Government agencies, international authorities and the private sector. There was no loss to the fund. This operation was ongoing.
  - A joint AFP, Customs and former National Crime Authority investigation started in May 2001, in relation to the alleged avoidance of \$18-million excise through the sale of duty-free purchased cigarettes and alcohol into the domestic market. Eight people were charged. Four pleaded guilty with two receiving prison sentences and two suspended sentences. The trial for the remaining four offenders was set for 31 January 2005. Mutual Assistance requests in relation to Proceeds of Crime action undertaken with Hong Kong, Belize and Lebanon resulted in the restraint of \$4.646 million including \$1.6 million returned to Australia from Lebanon on 18 April 2003.
  - A referral from the ATO was received in October 2003 concerning fraudulent income tax returns. The investigation revealed there were requested refunds totalling \$2.1 million, of which \$1.5 million had allegedly been paid into bank accounts by persons who had allegedly obtained legitimate tax file numbers using false identities. Sixty search warrants were executed and five persons were facing charges under the *Criminal Code Act 1995*.
  - A joint AFP-ATO investigation into alleged corruption in the Tax Office between October 1992 and January 2001 revealed the illegal use of ATO computer systems, false group certificates and tax returns, causing 254 fraudulent personal tax assessments to be generated for \$1,336,707.51. Five suspects, including three former ATO employees, were charged with Conspiracy to Defraud the Commonwealth. All pleaded guilty and were to appear in court in late 2004 for sentencing.
- Proceeds of Crime investigations were continuing into possibly restraining identified assets for forfeiture. This investigation was ongoing.
- In September 2003 an investigation began into two persons suspected of profiting \$10 million from investing in AMP derivatives in August 2003, immediately prior to a bid for AMP shares by the NAB. The AFP restrained \$1,177,725 in structured cash deposits into Westpac and NAB accounts. Two offenders were arrested. In April 2004 the offenders pleaded guilty to offences under the *Financial Transactions Reports Act 1988* and were committed to appear before the Melbourne County Court for sentencing. The funds restrained were the subject of Proceeds of Crime hearings.
  - The AFP, Centrelink and the ATO investigated the large-scale manufacture, distribution and sale of counterfeit brand name clothing, estimated to be worth \$3 million. Fifteen search warrants were executed and a significant quantity of counterfeit and unprinted clothing seized. Three persons were charged with offences pursuant to the *Trademark Act 1995*. Two were convicted of 15 counts of manufacturing false trademarks and 15 counts of possessing false trademarks. In June 2004, they were sentenced to 12 months imprisonment, the maximum penalty available to the sentencing Magistrate. The charges against the third person did not proceed.
  - In November 2002 the Australian Army referred a matter to the AFP, alleging a serving member of the rank of Captain who had been discharged from the army had forged documents overturning the original dismissal decision of a Court Martial. As a result the offender was reinstated into the army and received salary and other payments totalling \$132,385. In July 2003 the offender appeared before the Darwin Supreme Court and was convicted and sentenced to 12 months imprisonment, to be released after serving three months and upon entering into a good behaviour bond for two years.
  - In August 2003 Centrelink referred a matter to the AFP regarding the fraudulent claiming of unemployment and AUSTUDY benefits. An individual used 23 assumed identities to obtain benefit payments from Centrelink totalling \$416,280. The offender pleaded guilty to multiple charges and was awaiting sentencing.

## Identity crime

The use of false and stolen identities is the platform for most serious crimes including, but not limited to, major fraud, narcotic importation and terrorism. The AFP leads the investigation and disruption of criminal syndicates in this field through its role as the lead agency of Project Reflexive and the Identity Crime Task Force (ICTF).

Project Reflexive was established in January 2003 by Australian Government and State agencies to identify best practice for investigating identity-related crimes. At the end of the project the ICTF was formed. This Task Force is responsible for the investigation of identity crime-related offences and comprises 15 staff drawn from the AFP, Customs, NSW Police, the NSW Crime Commission, and the Independent Commission against Corruption.

The sophistication and technical capability of criminal syndicates involved in the manufacture, use and sale of false identity documents have increased dramatically. Technology, such as skimming devices, scanners and electronic surveillance, coupled with desk-top publishing and the Internet, assisted in the counterfeiting and acquisition of fraudulent documentation.

The ICTF employed similar leading technologies, including Facial Recognition biometrics and mobile scanning/skimming terminals, to help investigate identity-related crime.

### Significant investigations

- In March 2004 the AFP, ACC and NSW Police Service investigated a syndicate allegedly involved in using counterfeit or fraudulently obtained Medicare cards and drivers licences to facilitate the fraudulent use of counterfeit credit cards. During the investigation a man was arrested at Sydney International Airport in possession of 2,000 counterfeit credit cards, printing machines and counterfeit travellers cheques. Search warrants were executed with false and counterfeit identity documents and a counterfeit credit card production facility located. In June 2004 three persons were charged. Representatives for the banking industry estimated that the fraud could have resulted in a \$20-million loss.
- In July 2003 the ICTF investigated a suspected identity fraud involving the opening of a false name bank account in Sydney.

During the investigation the ICTF identified that the offender had more than 53 separate identities, possessed 15 high-quality counterfeit NSW driver's licences and was operating 31 bank accounts in false names. An Indonesian was charged with 36 offences and subsequently convicted and sentenced to six months imprisonment.

- In November 2003, as a result of a referral from DIMIA, a search warrant was executed on premises in Sydney for identity crime-related matters and a false identity production facility was located. Large volumes of counterfeit and altered documents were seized, including Medicare cards, blank NSW Roads and Traffic Authority change-of-address labels, forged Immigration arrival stamps, and passports from the United Kingdom, Indonesia and Australia. Further, 3,500 cheques were allegedly stolen from the mail and destined to be used to commit financial frauds. Two persons were arrested, charged and were awaiting trial.

## Intellectual Property

The AFP works with the ACS and private industry groups, such as the Australian Federation Against Copyright Theft, to evaluate and provide an appropriate response to incidents involving the importation and sale of counterfeit goods.

In May 2004 the AFP facilitated an AusAID-funded enforcement training workshop in Hong Kong on Intellectual Property Crime. The workshop enhanced the knowledge and skills of key officials in the Asia-Pacific Region on enforcement and border control of intellectual property rights. Workshop participants were from Australia, China, Indonesia, Thailand, Philippines, Malaysia, and Vietnam.

### Significant investigations

- In September 2003 Customs officers in Brisbane detected 821 counterfeit DVDs in an air cargo shipment of sound speaker stands sent from Malaysia to a Brisbane address. A further 200 destined for the same address were later seized by Customs and a search warrant executed on the premises by the AFP with an additional 211 counterfeit DVDs seized.
- A man who had previously been charged with the importation/possession offences for counterfeit DVDs was again charged by the



AFP in March 2004 when the AFP seized 206 counterfeit DVDs and charged him for exposing for sale counterfeit DVDs at a market. In June 2004 the defendant was found guilty on 28 charges under the Copyright Act 1968, sentenced to nine months imprisonment and ordered to be released after three months on a \$1,500, five-year good behaviour bond. This was the first time in Queensland an offence of this nature had resulted in an imprisonment term.

- In August 2003 a Malaysian man was arrested at Brisbane airport after Customs located 561 counterfeit DVDs in his luggage. The man was charged in relation to importing copyright material contrary to the Copyright Act 1968. He pleaded guilty and was convicted and fined \$8,000.
- In April 2003 the AFP conducted an investigation into a network that distributed copyright music via mp3 over an Internet web site. Three males were subsequently arrested and charged in Sydney on offences contrary to the Copyright Act 1968. Representatives for the music industry estimated that the distribution network had robbed the music industry of over \$50 million in potential sales. All three pleaded guilty to the offences charged and were convicted. Two were sentenced to 18 months imprisonment, suspended upon them agreeing to be of good behaviour for three years. All three were also sentenced to perform 200 hours community service.

## Missing persons (National Missing Persons Unit)

The National Missing Persons Unit (NMPU) was relocated to the AFP from the ACC on 1 July 2003 through a Machinery of Government arrangement.

The Unit coordinates and promotes a national integrated approach to reduce the incidence and impact of missing persons.

The NMPU has a strong prevention focus and conducts public awareness campaigns such as National Missing Persons Week (held the first week of August each year). This campaign reminds Australians to 'let someone know' of changes in plans and encourages families to reconnect. National Missing Persons Week 2003 promoted the four principles identified in research conducted in 1998 titled Missing

People: Issues for the Australian Community: prevention, location, education and support.

In conjunction with the Canberra Institute of Technology, the NMPU instigated a competition with the Graphic Design School to create a poster every year for National Missing Persons Week. The first poster was to have been produced in 2004. The competition provided students with an opportunity to develop and display their creative talents and have them recognised. NMPU campaigns were successful and supported by the community.

The NMPU continued to work closely with non-government tracing services and police representatives from jurisdictional Missing Persons Units around Australia. The Unit facilitates two committees—the Police Consultative Group on Missing Persons (PCGMP) and the National Advisory Committee on Missing Persons (NACMP). The PCGMP, involving officers in charge of jurisdictional Missing Persons Units, delivered a coordinated national approach to police investigation of missing persons. The NACMP includes representatives of police, non-government tracing organisations, community groups and families and friends of missing persons. It listened to and reported on the experiences of family members when they reported a person missing, highlighting areas of possible improvement.

## Money laundering

The investigation of money-laundering offences was enhanced in January 2003 with the introduction of new offences in Part 10.2 of the *Criminal Code Act 1995*. These replaced the single money-laundering offence previously found under Section 81 of the *Proceeds of Crime Act 1987*.

A matrix of 18 offences is initially created from three levels of knowledge (belief, recklessness and negligence) relating to the source of the money. Six levels of value are then created, ranging from amounts greater than \$1 million to any value involved. The maximum imprisonment penalty was increased from 20 to 25 years.

A further offence under Section 400.9 of the *Criminal Code Act 1995* replaces that formerly found in Section 82 of the *Proceeds of Crime Act 1987*. This new section creates the offence of being in possession of property reasonably suspected of being the proceeds of crime.

Investigations were completed in AFP offices relating to money-laundering offences. In many cases the offence relating to the source of the money (otherwise known as the predicate offence) and laundering the proceeds of the money were investigated and prosecuted.

#### Asia-Pacific Group on Money Laundering

The AFP continued to work closely with the Asia-Pacific Group on Money Laundering (APG). The AFP Commissioner continued as the Australian APG Co-Chair following his appointment in January 2003. Korea's term as Co-Chair expired and Japan assumed the role for a two-year period ending in 2006.

The APG is an independent regional body with 28 members. Its primary role is to facilitate the adoption and implementation by member jurisdictions of anti-money laundering and anti-terrorist financing standards and measures, as set by the global 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. Its eight special recommendations set similar benchmarks on counter-terrorism financing. The APG continued to work closely with members to implement the recommendations, identify areas for improvement and provide technical assistance and capacity building for anti-money laundering and counter-terrorist financing efforts throughout the region.

The AFP Commissioner met several times with the Korean APG Co-Chair to discuss key issues and prepare for the annual meeting held in Macau, China (September 2003) and the annual meeting held in Seoul, Korea (June 2004). Annual meetings are the APG's primary decision-making forum. Meetings involve approximately 250 delegates from the law enforcement, regulatory and legal professions.

The AFP continued to participate in key FATF and APG events, providing an opportunity to contribute to policy making on behalf of the AFP and its regional partners. These included FATF plenary meetings in Stockholm (2003) and Paris (2004) and a Money Laundering Methods and Typologies Workshop in Malaysia.

The APG Secretariat continued to work closely with the AFP's LEOP and the AFP's International Network and provided assistance to the APG Secretariat. In early 2004 the AFP represented Australia on a FATF technical mission to Myanmar through its liaison post in Yangon and, with the APG, attended the Pacific Roundtable on Counter-Terrorism held in New Zealand.

## Significant investigations

- ① In February 2003 a suspect was arrested for money-laundering offences and for failing to declare excess currency at Melbourne Airport. He possessed the equivalent of \$431,000 in cash, which was subsequently restrained under Proceeds of Crime legislation. In August 2003 the man pleaded guilty. As no claim was made for the return of the money, the funds were forfeited six months after the date of conviction and were later transferred to the Confiscated Asset Account.
- ② As part of a long-term money laundering investigation into substantial amounts of money being transferred through foreign exchange services in Sydney, two suspects were arrested and charged with dealing with money to the value of \$200,000, knowing it to be the proceeds of crime. This amount was later forfeited to the Australian Government.
- ③ In June 2004 a third person involved in the above investigation appeared before the Sydney District Court charged with possession of property reasonably suspected of being the proceeds of crime. The person later pleaded guilty and was sentenced to nine months imprisonment with the sentence wholly suspended and placed on a good behaviour bond for five years.
- ④ As part of a joint AFP and ASIC investigation into the marketing of an unregistered managed investment scheme, Australian and overseas-based suspects were alleged to have transferred funds from Australia to New Zealand, then received the money back into Australia. The suspects were arrested and charged with money-laundering offences. It was alleged that the suspects had laundered funds totalling \$2,500,000. This matter was before the courts.

## Proceeds of crime

This marked the first full financial year of operation for the *Proceeds of Crime Act 2002*. The introduction of the civil asset forfeiture regime enabled the AFP to conduct criminal asset recovery investigations for a range of matters, including investigations conducted by Australian Government agencies and agencies not authorised to use the provisions of the Act.

The move to a civil regime meant that asset recovery action no longer required the suspect to be charged



with a criminal offence before commencing restraint action. In circumstances where the suspected offence was serious (as defined in the Act), the suspect's assets could be restrained and eventually forfeited if it could not be shown they were obtained with lawful funds. Requests for assistance from overseas law enforcement agencies where moneys could be shown to have been transferred into Australia from the commission of a foreign indictable offence could now be progressed without the need to wait for restraining orders to be issued in the foreign jurisdiction.

The early success of the civil regime was greatly assisted by the expansion of the specialist Financial Investigation Teams in Perth, Melbourne, Adelaide, Sydney, and Brisbane. These Teams comprise experienced police investigators, unsworn investigators and financial analysts. They partner with the Criminal Asset Branches of the Commonwealth Director of Public Prosecutions to rapidly secure funds reasonably suspected of being the proceeds of crime from Australian and foreign indictable offences.

Training to further develop Team skills, particularly for new members from a general investigations background, remained a priority. A three-week Financial Investigations Program continued with approximately 48 AFP officers and 12 ACS officers attending four courses. Posting Customs officers with AFP Financial Investigation Teams progressed and focussed on customs-related investigations. Close relationships with partner agencies, including the ATO, Health Insurance Commission (HIC) and ASIC, were built and led to joint agency investigation and asset-recovery operations.

The ability to provide a dynamic response to the suspected proceeds of a criminal offence meant that criminals had less opportunity to conceal their money. The major motive for criminals to commit crimes and to undertake organised criminal activity is to derive a profit. The objective of the *Proceeds of Crime Act 2002* to target those who profit from crime yet distance themselves from the criminal act has been demonstrated on a number of occasions. By depriving the criminal group of the opportunity to enjoy the proceeds of their crime or to reinvest them into further criminal activity (including terrorist activity), the AFP is targeting a motive of crime, the money.

The Act provides for compensation applications and does not prevent the return of money to anyone who can prove they obtained the funds lawfully and own them.

### Assets restrained

More than \$77.3 million in assets were restrained, although the value of forfeited assets remains low because many cases are still before the courts.

The use of new investigative tools was extensive with the issue of 1,492 notices to financial institutions, 39 search warrants and 138 production orders. These provisions are essential to the timely tracing of funds. The extensive use of notices to financial institutions reflected the reliance now placed on this provision to enable the police investigator to discover the location of the suspects' funds where minimal information was known. The notices provide legal protection to the financial institutions making the information available. Importantly, their use is restricted to proceedings under the Act.

A summary of the restraint of assets for the 2003–04, compared with 2002–03, is at Table D.

**Table D—A summary of the restraint of assets**

	2003–04	2002–03
	(value: \$ million)	(value: \$ million)
Restrained*	77.3	21.8
Recovered	4.0	13.5
Penalty value of orders	1.8	2.3
<b>Total</b>	<b>83.1</b>	<b>37.6</b>

\*The court issues an order to prevent the disposal of an asset. Recovered assets represent the combined output from the *Proceeds of Crime Act 1987* and the *Proceeds of Crime Act 2002*. The 1987 legislation still applies to matters which began under the Act and are not yet finalised.

## Significant investigations

- On 29 April 2004, following receipt of information from NSW Police, the AFP investigated a bank suspense account suspected of being used to conceal large customer cash deposits. A bank customer and the branch manager had allegedly conspired to circumvent the reporting requirements of the *Financial Transactions Reports Act 1988* in respect of significant cash deposits. Several bank accounts were identified to which the customer was given access to operate as a signatory. In May 2004 the Supreme Court of NSW issued restraining orders under Proceeds of Crime legislation for property, including 18 bank accounts with different banking institutions (estimated value of approximately \$700,000), and 19 properties in Sydney with an estimated market value of \$12,000,000. The matter was still before the court.
- In June 2003 an Australian was arrested in Germany in relation to the seizure of 400 kg of cocaine at a Dutch port. A search warrant was executed upon the offender's bank account in Australia. The account's balance was \$1,133,232. Further inquiries revealed that the same Australian also owned an unencumbered residential property in Bondi Junction, NSW, worth an estimated \$700,000. In March 2004 a restraining order was issued under Proceeds of Crime legislation in relation to the money in the account and the property.
- Following a request from Singapore authorities, AFP investigators in Melbourne inquired into recovering money suspected to be proceeds of a company fraud committed in Singapore. Funds of \$7,000,000 were located and restrained under Proceeds of Crime legislation. A further \$22,000,000 was returned to Singapore under agreement between the Commonwealth Director of Public Prosecutions and the defendant. In March 2004 the suspect was convicted in Singapore for offences relating to the fraud and was sentenced in April 2004.
- In November 1998 Australian Customs intercepted 18 packages addressed to various people and post office boxes, containing \$Can256,200. Inquiries failed to identify the owner and the money was subsequently forfeited to the Commonwealth under Proceeds of Crime legislation. The Australian dollar value was \$269,746. Forfeiture occurred on 12 May 2004.
- A restraining order was obtained for property controlled by a suspect. The property consisted of Australian and offshore financial accounts and real estate in Western Australia with an estimated value of \$3,000,000. The suspect was alleged to have made false claims for PAYG withholding and dividend imputation rebates worth \$3,500,000. This joint investigation with the ATO was still before the courts.
- In two separate investigations in the United Kingdom and Germany, enforcement agencies requested the recovery of financial documents from Australia to assist in locating the proceeds of crime. The documents were also sought for use in the criminal prosecution of fraud offenders in both countries. In both cases assets were quickly located in Australia and immediate restraint sought on the basis that the funds were suspected of being the proceeds of a foreign indictable offence. In the German case an application for the return of the funds was made. The suspect was arrested and was awaiting extradition proceedings. Assets from Germany amount to approximately \$650,000. In the matter from the United Kingdom the full amount of \$240,000 was ordered to be forfeited to the Commonwealth in August 2004.
- A joint AFP-ASIC investigation uncovered the marketing of an unregistered investment scheme to Australian investors. Investors were transferring funds under instruction from scheme promoters to accounts overseas. The funds were suspected of having been returned to Australia and used to acquire luxury assets, including boats, cars and properties in four States, valued at \$8,000,000. The assets have been restrained in March 2004 and the matter was before the courts.

## Assisting Australian Government and other agencies

During 2003-04 the AFP continued to review and negotiate service agreements with key agencies. Agreements between the AFP and Centrelink, and the AFP and ASIC were reviewed and renewed. Service agreements with DIMIA, DFAT and ITSA were being renegotiated. Service agreements provide a statement of the services to be provided by the AFP and the respective responsibilities of each agency. The AFP entered into an arrangement

with the Queensland Police Service to release seized dangerous drugs for training purposes. The AFP was developing similar agreements with other State police services and with ACS.

The AFP continued working jointly with Australian Government and agencies on investigations to more effectively leverage resources and better use agencies' knowledge of legislation and programs. Joint investigations were conducted with the ATO, ACS, ASIC, DIMIA, Centrelink, AUSTRAC, Australian Fisheries Management Authority (AFMA), Queensland Police Service, and the Aboriginal and Torres Strait Islander Commission (ATSIC).

With the May 2002 introduction of the Commonwealth Fraud Control Guidelines, departments and agencies are no longer required to submit fraud risk assessments and fraud control plans to the AGD and the AFP for approval. Agencies must now advise the AFP annually of identified major fraud risks to help the AFP provide investigative services.

The AFP assisted other Australian Government agencies to develop capacity to deal with matters that fall within their responsibilities under the Commonwealth Fraud Control Guidelines by outposting AFP members to agencies. The outposting of AFP members gave agencies access to AFP expertise and facilitated the mutual transfer of skills and knowledge between agencies and the AFP. The presence of AFP agents also provided ready access to police powers including the execution of search warrants and arrests.

The AFP outposted 32 members to 14 agencies compared with around 60 members to 11 agencies in 2002–03 (excluding members in the External Territories, regional assistance missions or peacekeeping missions). This included outposting one member to DIMIA in Brisbane and three investigators to ASIC in Sydney to assist with investigations arising from the HIH Royal Commission. The AFP also planned to outpost nine full-time agents and one part-time agent to Centrelink's regional cash economy teams, beginning in September 2004. Negotiations were also underway to outpost two federal agents to the Aboriginal and Torres Strait Islander Services organisation.

The AFP continued providing pre-referral assistance and advice, including training, to Australian Government departments and agencies. The Brisbane Office conducted its annual Investigators Workshop attended by approximately 90 government

investigators from various agencies. The workshop covered Proceeds of Crime action, forensics, document handling, and counter-terrorism indicators.

The AFP appointed an Environmental Crime Officer in North Queensland to liaise with Australian Government and State stakeholders of environmental crime and provide advice and assistance in coordinating operational activities.

## Performance Measure 1

*Disruptive effect of AFP investigations on the criminal environment*

### Measures of effectiveness

The performance measures under the outcomes and outputs performance reporting framework were further refined. Attention was given to assessing the impact of AFP operations on the Australian community and the reporting unit—the case—was also refined. Performance measures in this annual report reflect the stages of a typical criminal investigation, including case referral, case selection, investigation, and outcome. These measures enabled the AFP to assess each stage and target remedial action appropriately. They also enabled the AFP to enhance its ability to detect and deter criminal activity.

### Case referrals

Case referral is the first step in a criminal investigation. New cases are referred from an external source (usually an Australian Government department agency) or generated internally through intelligence gathering.

The AFP received 3,670 criminal investigations for possible investigation, compared with 4,317 in 2002–03. Details are in Table 4 in the Appendixes.

Approximately 79 per cent of clients referring work were satisfied with the AFP's acceptance of work referred. With internally-generated investigations, 16 per cent resulted in the case proceeding into a legal process, compared with 32 per cent in 2002–03.

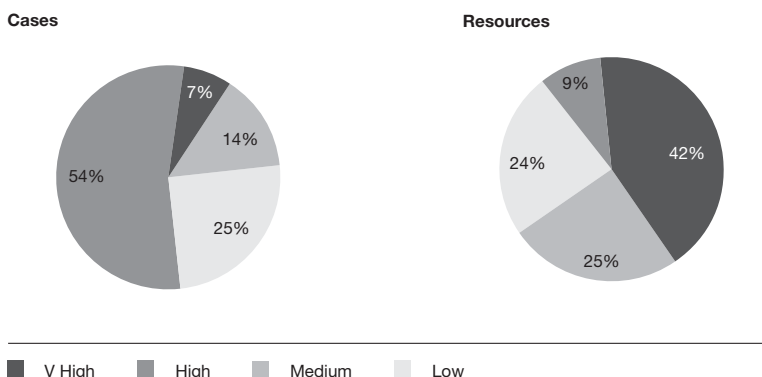
## Case selection

Case selection is the second step in a criminal investigation. The AFP uses the Case Categorisation and Prioritisation Model (CCPM) to ensure resources are effectively applied to the highest priority work. The model provides a transparent, objective and consistent basis for evaluating and comparing operational activities and provides clients with a basis for considering matters before referring them to the AFP.

The decision to investigate a matter is made by an Operations Committee (OC) on the recommendation of an Operations Monitoring Centre (OMC). In making recommendations, the OMC considers target allocations (that is, the 'cocktail') for AFP investigative and financial resources against identified criminal activity (incident types) and client needs and expectations. These are balanced against AFP assessments of the criminal environment derived through the crime management strategies.

The CCPM has proved to be effective in improving the quality, consistency, transparency, and accountability on the decision to accept or reject a case. It is also used to categorise cases as very high, high, medium, or low impact. Low impact cases comprised 54 per cent of criminal investigations by number during the year but used only nine per cent of resources. By contrast, very high and high impact cases comprised 21 per cent of criminal investigations and used 67 per cent of resources. This percentage met the AFP's PBS target of devoting 65 per cent of available resources to very high and high impact cases.

**Chart 4—Criminal investigations by case and by resources**



## Investigation

Investigation is the third step of a criminal investigation and the most readily identifiable police work. The AFP applies three accessible measures to determine the success of an investigation: (i) the number of criminal investigations resulting in a conviction; (ii) the proportion of cases reaching court that result in a conviction; and (iii) the proportion of cases reaching the legal process.

The number of investigations resulting in a conviction declined from 370 in 2002-03 to 194 in 2003-04, due in part to the AFP's policy of targeting serious and complex matters. The percentage of cases brought to court resulting in a conviction remained high at 97 per cent in 2003-04 compared with 93 per cent in 2002-03. The percentage of cases that reached the legal process declined to 49 per cent in 2003-4 from 59 per cent in 2002-03.

## Outcomes

The fourth and final stage of a criminal 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. Results are quantified and reported as performance measures. Client satisfaction with the outcome of the investigation is further indication that the AFP achieved its objectives.

Around 81 per cent of clients believe the AFP achieved the client's objectives. During 2003–04, 246 fraud investigations were finalised. These returned an estimated \$149.3 million in fines, monies recovered and future losses avoided.

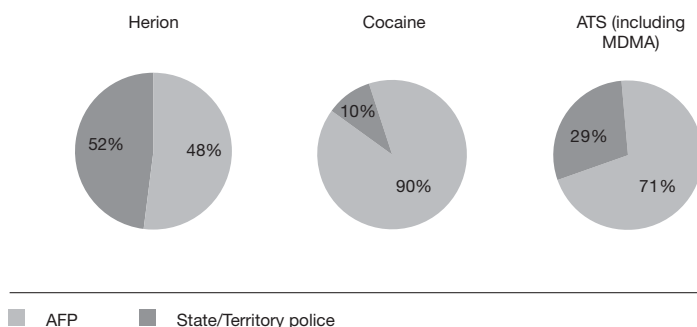
Another outcome measure is the extent to which proceeds of crime are seized, restrained or forfeited. Results for 2003–04 are in Table D, earlier in this report. In 2003–04, the AFP seized assets valued at \$81.4 million. A further \$35.2 million was forfeited.

## Benchmarking activities

The AFP benchmarks its drug law enforcement activities every two years. The most recent benchmarking exercise was conducted in June 2003 and based on information supplied in the *Australian Illicit Drug Report 2000–01*. The AFP's drug law enforcement activities were compared with those in North America, the European Union and globally.

The exercise analysed 2000–01 for domestic comparisons and 2000 for international comparisons, and was restricted to major drugs of importation. There are differences in the way illicit drugs are classified—domestically, MDMA is often grouped with amphetamines. Internationally it is not. As reported last year the AFP, in partnership with other Australian Government and international agencies, was responsible for seizing the following proportions of drugs during 2000–01: 48 per cent of heroin; 90 per cent of cocaine; and 71 per cent of amphetamine-type stimulants including MDMA.

**Chart 5—Illicit drugs seized**



By world standards, law enforcement in Australia had considerable success 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 between 1997 and 2000. From 1995 to 2000, the heroin seizures rate increased by 278 per cent while Australia's rate increased from 8.5 kg of heroin per million resident population in 1995 to 30.4 in 2000.

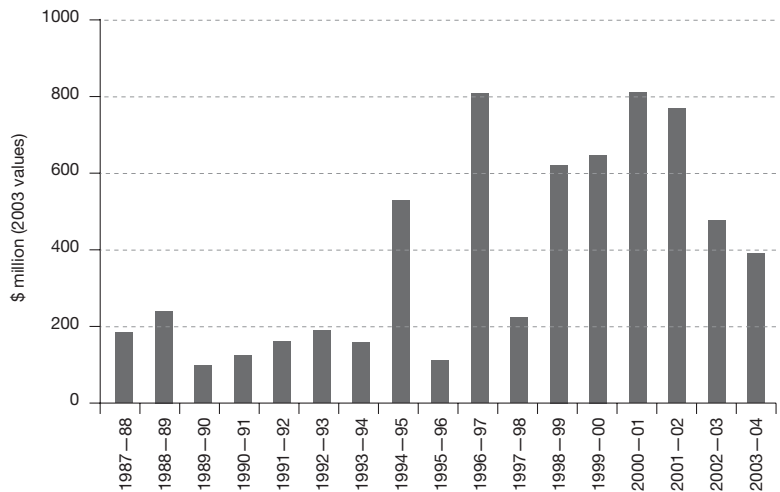
Before 2000 the AFP did not compare well in cocaine seizures, lagging behind North America, the European Union and the world. This changed recently. In 2000, Australia exceeded the global seizure rate and was not far behind the European Union. Over the years, Australia compared well in ATS (excluding 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

The methodology used to develop the AFP Drug Harm Index was revised. The index provides a single measure of the value to the Australian community of AFP drug seizures. It places a dollar value on the harm caused had seized drugs reached the community. The index includes domestic and international drug seizures destined for Australia where the AFP played a significant role. Seizures made in the ACT are excluded.

The original index was based on United States research which calculated that the price paid for illicit drugs in the United States in 1991 was roughly equivalent to the economic harm caused by those drugs. It was realised at the time that it would be preferable to develop estimates using Australian data. The original index was limited to major drugs of importation, ie heroin, cocaine and amphetamines. The new Index was expanded to include cannabis and economic values were converted to June 2003 equivalents using CPI movements. The revised Drug Harm Index is robust.

Chart 6—AFP Drug Harm Index



AFP seizures of illicit drugs saved the Australian community approximately \$389.6 million, similar to the impact each year since additional funding for illicit drug investigations under the National Illicit Drugs Strategy (NIDS) was introduced in 1998.

## Performance Measure 2

### *Client satisfaction with AFP investigations*

This Key Performance Indicator (KPI) is the second of the three indicators used by the Government to assess effectiveness of service delivery.

The fourth independent study of AFP client satisfaction, which gauged client attitudes and perceptions of AFP services, was finalised in June 2004. Four hundred and nine clients in Australia and overseas were surveyed compared with 470 in 2001–02. Interviews with representatives of Australian Government and State Government agencies, foreign embassies, diplomatic missions in Australia, and Australian diplomatic missions overseas were conducted by telephone.

Results indicated that levels of satisfaction with AFP investigation services under Output 1.1 remained strong—more than 89 per cent of clients expressed satisfaction with service delivery. Overall satisfaction remained consistent with the 2001–02 survey. Long-term trends since 2000–01 showed a fall in client satisfaction with service delivery. This was attributed to the perception by clients that the AFP has fewer resources to service clients in investigations because of increased pressure to address terrorism and international policing obligations. Client satisfaction ratings for other areas are in Table E.

**Table E—2003 Client satisfaction ratings**

AFP SERVICE	Client satisfaction (%)
Investigation Services (Output 1.1)	89 (consistent with 2001–02)
Protection Services (Output 1.2)	100 (consistent with 2001–02)
International Services (Output 1.3)	100 (consistent with 2001–02)

The 2003 Client Satisfaction Study concluded that the vast majority of AFP clients were satisfied.

Key clients indicated positive qualitative support for service agreements with the AFP. These clients saw improved service delivery was achieved through the agreements' articulation of an agreed level and standard of service provision.

Other positive comments reflected the views that AFP members were professional and responsive to client needs, that AFP members were knowledgeable and demonstrate expertise and accountability in policing and that the quality and accuracy of written and oral advice was good.



## Performance Measure 3

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

The AFP's business planning framework continued to improve the efficiency and effectiveness of AFP services and identify areas of further improvement. The framework, introduced in 2000 and augmented in 2001, was the most recent in the series of continuous improvement initiatives put in place since 1990 to increase AFP responsiveness, flexibility and service delivery. The framework has a planning component which scans the environment in which the AFP operates, develops target allocations for investigative and financial resources against incident types and integrates these with a performance improvement and reporting system.

Information about the environment in which the AFP operates is drawn primarily from three sources: (i) an annual environment scan, crime management strategies and feedback from clients; (ii) feedback from partners and stakeholders on their needs; and (iii) expectations of AFP service delivery. The framework is used to implement the AFP's Ministerial Directions and other priorities set by Government. It also links planning components through the investigative and financial resources available to the performance improvement and reporting elements.

The framework enables the AFP to better align outputs with the outcomes specified by, and agreed with the

Government, better manage the complex environment in which the AFP operates, provide more flexible law enforcement response, and better align service delivery with realistic client needs and expectations.

By consistently applying the CCPM and setting and monitoring targets for a range of incident types, the AFP met its Portfolio Budget Statement target of devoting 65 per cent of available resources to very high and high impact cases (67 per cent were devoted).

The AFP's Business Activity Analysis (BAA), introduced in 2000-01, reviews AFP operations and examines work undertaken by business units to deliver services to agencies, satisfy client demands and implement improvements across business units.

The BAA fosters a continual performance improvement process. It ensures that different perspectives are considered, shortcomings identified, improvement strategies developed, and good performance recognised. The process helps identify best practice for operational activities.

The BAA is conducted by the AFP's Commissioner or Deputy Commissioner with the management team of each business unit. This approach ensures operational decisions are team-based and that all members contribute to, and are accountable for, business unit achievements. It also provides opportunities for exposure and staff development beyond the executive structure.

The BAA's first cycle showed a clear contribution to improving data quality on PROMIS, the Police Real-time Online Management Information System, and AFP operational effectiveness. The second focussed on operational performance measurement and improvement. The third consolidated outcomes from cycle one and two, emphasised service elements that directly influence or impact on client satisfaction. Cycle four focussed on outcomes/outputs, resource allocation and workflows. Key clients and stakeholders were to act as observers during this cycle.

Eight BAAs were completed during the financial year:

- ① Perth Operations, July 2003 and June 2004;
- ② Protective Security, September 2003 and March 2004;
- ③ Melbourne Operations, October 2003;
- ④ Adelaide Operations, November 2003;
- ⑤ National, February 2004; and
- ⑥ National Targeting, April 2004.





The BAA is now an integral component of the AFP's monitoring and reviewing processes for operational performance and drives performance improvement at all levels. It is used as a forum to identify best practice throughout the AFP.

## 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.

Protection Services aims to ensure that individuals and interests identified to be at risk by the Commonwealth are kept safe and that their dignity is preserved. This is achieved in partnership with other Australian Government departments and agencies and State and Territory governments, departments and agencies.

To achieve this, the AFP provides CPP, Witness Protection and Protective Security Intelligence covering Australian high office holders, protection of non-Australian office holders, Internationally Protected Persons, visiting dignitaries, and protected witnesses.

Protection Services business planning is based on security threat assessment strategies and proactive protective security intelligence.

To achieve this the AFP:

- provides Close Personal Protection to Australian high office holders, parliamentarians and parliamentary delegations in certain circumstances, Internationally Protected Persons, members of the diplomatic community, visiting

overseas dignitaries and others assessed to be at risk;

- collects, analyses, evaluates, and disseminates security intelligence to develop threat assessments, reports and briefings on possible acts of politically motivated violence or other activities that may pose a threat to the safety of, or cause actual or perceived loss of dignity to, Australian or overseas high office holders;
- administers the National Witness Protection Program (NWPP), providing a safe and secure environment for participants who can give evidence in criminal trials relating to organised crime (such as large-scale importation of illegal drugs and corruption) which involves a significant degree of criminality at both the Australian Government and State and Territory level; and
- plans and coordinates special events of national interest with strategic partners.

Performance is measured by the:

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

Table I (below) provides details of the numbers of matters referred to Protection Services in 2003–04.

## Close Personal Protection

The number of members and teams committed to CPP fluctuated in response to the security environment, particularly following the Bali bombings in October 2002, the instability in Iraq and the regional assistance mission to the Solomon Islands in mid-2003.

The Bali bombings remained an issue with ongoing investigations into and prosecutions of Jemaah Islamiyah members. Continued activities of Jemaah Islamiyah in the region and security concerns in Indonesia and other parts of Asia led to an increase in overseas deployments for CPP members performing Security Liaison Officer roles for Australian high office holders travelling to destinations in Asia.

At the beginning of 2003–04, 165 members were deployed on full-time CPP duties. This dropped to 132 by the end of the year.

The AFP provided full-time protection to five Australian and 10 non-Australian high office holders. During the conflict in Iraq seven Australian high office holders received ongoing CPP.

To fulfil the AFP's ongoing commitment to provide CPP to Australian and non-Australian high office holders, the AFP worked closely with Australian Government partners including the PSCC and all State and Territory Police Services. The AFP also provided protection services to forums involving DFAT and members of the Australian intelligence community.

In addition to an increase in members providing full-time CPP additional funding enabled the AFP to maintain and increase the number of CPP-trained members. Approximately 250 fully qualified members and a further 51 CPP drivers 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 provided during 28 official visits to Australia, including by the President of the United States, Mr George Bush, the President of the Peoples' Republic of China, Mr Hu Jintao, and His Royal Highness Prince Harry.

On 32 occasions, the AFP provided CPP Security Liaison Officers to Australian high office holders and parliamentary delegations travelling overseas.

There were no serious incidents involving high office holders under CPP.

## Protective Security Intelligence

The AFP provides protective security intelligence throughout Australia, delivered by Protective Security Intelligence (PSI) teams stationed in each State and Territory (except for Tasmania).

A team's principal function is to provide timely and accurate protective security intelligence to support the CPP provided to high office holders, visiting VIPs, internationally protected persons, international delegations, and the diplomatic community in Australia. PSI teams also provide security intelligence to APS operations through the timely exchange of intelligence with Australian Government and State Government stakeholders and close liaison with the diplomatic and consular communities.

PSI teams contributed to the Australian Government's threat assessment process. They were part of the Australian group including PSCC, ASIO, Prime Minister and Cabinet (PM&C), and representatives of the United States Secret Service which covered the visit of President Bush in October 2003.

President Bush's visit met with large-scale protests in Canberra. The level of police and overall security response was based on intelligence reporting by PSI. This was achieved as a result of PSI's close liaison with issue-motivated groups which resulted in the protest activities unfolding as forecast.

Between 22 and 25 October 2003 the President of the Peoples' Republic of China visited Australia. The PSI worked with relevant Australian agencies (including PSCC, ASIO and PM&C), representatives from the Chinese Embassy and established lines of communication with protest groups to ensure the visit was without incident.

PSI officers throughout Australia continued to meet with members of the Australian Islamic community to provide it with a voice in the sphere of federal law enforcement. This contact was supported by regular meetings between senior members of the Islamic community and the AFP. The wider Islamic community welcomed this initiative.

## Witness protection

The AFP administers and delivers the National Witness Protection Program (NWPP). This required the AFP to develop and deliver ways to ensure the safety of witnesses and their families during prosecutions and ways to assimilate them back into the community.

The program was enhanced through specialised training.

The *Witness Protection Act 1994* requires the Minister for Justice and Customs to report to both Houses of Parliament on the program at the end of each financial year. The Act imposes reporting requirements on general operation, costs and the exercise of the Commissioner's powers under section 27. These requirements are met through publishing a separate annual report.

## Family Court Security

The AFP provided security services to the Family Court of Australia (FCA) and Protection Services continued to be the main liaison point. While arrangements vary from city to city, protocols with the FCA are well developed and enable the court to seek assistance directly from the nearest AFP business unit. The AFP provided the FCA with additional security when required.

## Security and law enforcement for special events

The Special Events Coordination and Executive Support (SECES) coordinates the AFP's response to major and special events impacting on the Australian Government. SECES works with State and Territory law enforcement agencies, the Australian Government, State and Territory governments, and relevant stakeholders. The primary focus is to support AFP attendance at Australian Government forums under national counter-terrorism arrangements.

SECES helped plan Protection Services involvement in Australia and Indonesia for ceremonies commemorating the first anniversary of the Bali bombings.

SECES also represented the AFP in initial planning meetings for the Commonwealth Youth Development Forum held in Queensland 10 to 13 November 2003.

SECES members were involved in planning the AFP's participation in Mercury 04 in March 2004. This was the first multi-jurisdictional exercise under the NCTC's capability development program which aimed to validate national counter-terrorism arrangements, including the National Counter-Terrorism Plan (NCTP), the National Counter-Terrorism Handbook, and relevant Australian Government, State and Territory agency-specific plans. SECES members were also involved with exercise control throughout the exercise and in operational debriefs at the completion of Mercury 04.

In May 2004 SECES members participated in the ACT tactical exercise Bold Endeavour to test and validate ACT policing and emergency responses in a multi-agency, counter-terrorism exercise.

## Rugby World Cup

The Rugby World Cup (RWC) 2003 tournament was hosted by the Australian Rugby Union from 10 October to 22 November 2003. Forty-eight matches were played in all States and Territories (except the Northern Territory).

When planning for the RWC, SECES worked with the Major Events Commonwealth Coordination Group hosted by the Department of Industry, Tourism and Resources (DITR), the Police and Security Working Group (New South Wales Police) and the Australian Government Security Working Group, holding regular meetings with all groups.

The AFP supported the integrity of the RWC by providing an Australian Government law enforcement and protective security capability.

## Athens Olympic Games

The AFP was selected as a member of the Australian Government Interdepartmental Committee for the staging of the Athens Summer Olympic Games in August 2004.

The AFP visited Athens with other Australian Government agencies to scope security planning by Greek authorities and determine how best the AFP could provide whole-of-government support. In planning for the Games, regular meetings of an inter-departmental committee were held to progress contingency planning.

The AFP planned to strengthen its intelligence and liaison arrangements with Greek authorities for the Games by deploying AFP Liaison Officers.

## Commonwealth Games Melbourne 2006

SECES was liaising with the Melbourne (M2006) Commonwealth Games Task Force and stakeholders and maintained a close relationship, particularly with the Victoria Police Commonwealth (M2006) Games Planning Unit. The AFP is a member of a number of Victoria Police working groups, involving AFP operational, forensic and tactical support that the AFP may afford during the Games.

## Performance Measure 1

### *The prevention of avoidable incidents*

Performance measures previously developed to assess the effectiveness of AFP CPP were applied. Performance measures include avoidable incidents, protection incidents and protection movements.

Avoidable incidents are those that may result in death, injury, loss of dignity, or embarrassment to individuals and interests identified by the Australian Government and the AFP as being at risk.

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

**Table F—CPP performance 2003–04**

	Australian office holder		Non-Australian office holder		Total	
	2003–04	2002–03	2003–04	2002–03	2003–04	2002–03
<b>Protection movements</b>	7,107	8,682	13,786	21,503	20,893	30,185
<b>Protection incidents</b>	35	71	32	53	67	124
<b>Avoidable incidents</b>	0	0		1		1

PSI measures effectiveness by the extent of its contribution to the KPIs 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.

Witness Protection measures effectiveness by providing a safe and secure environment for participants of the program who are giving evidence in significant criminal prosecutions with high levels of criminality at both the Australian Government and State level and whose lives are at risk.

## Performance Measure 2

### *The level of client satisfaction with AFP Protection Services*

The AFP again commissioned an independent client satisfaction survey of key agencies and stakeholders, including Australian Government departments and agencies, Australian high office holders and representatives from several overseas missions in Australia.

Key findings indicated a high level of client satisfaction, built on outcomes from earlier years.

Key indicators of satisfaction relate to:

- ➊ AFP members providing protection services while showing professionalism in their dealings with AFP clients;
- ➋ AFP members demonstrating relevant skills, knowledge and expertise; and
- ➌ the promptness of AFP responses to requests for assistance.

The general conclusion was that the positive level of client satisfaction with AFP Protection Services was largely due to member professionalism and speed of response to client requests for assistance.

Positive feedback was received from clients and stakeholders on Protection Services work. This feedback, which built on the information provided through the Client Satisfaction Survey, indicated a high level of satisfaction with AFP services in relation to Output 1.2.

## Performance Measure 3

### *The cost effectiveness of service delivery*

The Centre for International Economics (CIE) was commissioned by the AFP on 2 June 2002 to conduct a benefit-cost analysis of CPP and PSI and to assess the return to the Australian community.

Analysis concluded that, without CPP and PSI, around five per cent of movements would become avoidable incidents (conservative estimate). The benefit-cost ratio of the program would be around \$4 in benefits to every \$1 invested (conservative estimate). The report was expected to be made available on the CIE web site at <http://www.intecon.com.au>

**Table G—Output 1.2 Protection Services: number of cases referred in 2003–04**

Category/type of case	2003–04	2002–03	2001–02
Protection of individuals at risk			
Protection—Australian office holder	208	174	141
Protection—non Australian office holder	114	134	213
Protection—witness	6	13	9
<b>Subtotal</b>	<b>328</b>	<b>321</b>	<b>363</b>
Protection—family law service			
Family law services	3	3	3
<b>Subtotal</b>	<b>3</b>	<b>3</b>	<b>3</b>
Security and law enforcement for special events			
Special events	1	0	2
<b>Subtotal</b>	<b>1</b>	<b>0</b>	<b>2</b>
<b>Total</b>	<b>332</b>	<b>324</b>	<b>368</b>

Source: Protection OMC as at 7 July 2004

## Output 1.3—International Services

The AFP supports the Government's international responsibilities through law enforcement services. This output supports the objectives of Output 1.1—Investigation Services.

The objectives of this output are to effectively:

- ➊ contribute and respond to international law enforcement efforts; and
- ➋ contribute to Australia's commitments to international peace operations.

Recognising the increasing globalisation of the criminal environment, the Australian Government in the 2002–03 Budget provided additional funding of \$47 million over four years to significantly expand the AFP's International Network. The expansion was completed with international offices established in Belgrade, Pretoria, Chiang Mai, Ho Chi Minh City, Dubai, and Bali. The establishment of the International Deployment Group in February 2004 added another dimension to the AFP's international services.

The IDG is a major boost to Australia's:

- contribution to ensuring a safe, stable and secure region and therefore the country's ability to fight terrorism and transnational organised crime;
- contribution to regional restoration of law and order assistance missions, such as the RAMSI;
- delivery of capacity-building programs under the LECP; and
- ongoing support for United Nations peace-keeping missions.

The IDG builds on and complements the Australian Government's commitment to the LECP and continues delivering mutually beneficial law enforcement outcomes and capacity building initiatives throughout the region. The importance of the AFP supporting good governance initiatives in the Pacific region, particularly in law and justice sectors, was recognised by the Government in the 2003-05 Budget through the renewal of the AFP Melanesia Program for a further four years.

More than \$1 billion in funding over five years was provided for these deployments and to allow the IDG to establish a proactive strategic approach to managing the complex and diverse challenges in the ever-changing international policing environment.

The AFP continued as Australia's policing representative for Interpol and continued to operate the NCB for the country's law enforcement agencies. The NCB continued to coordinate international inquiries for Interpol's network of 181 member countries and complemented the International Network by providing a conduit into almost every nation.

The International Network also increased support to the AGD and DFAT on international extradition and requests for mutual assistance in criminal matters. The AGD reported a significant increase in extradition and mutual assistance requests.

The performance of this output is measured by:

- the extent to which the Australian Government's international obligations are met;
- client satisfaction levels with International Services; and
- cost effectiveness of service delivery.

## Performance Measure 1

*The extent to which Commonwealth international obligations are met*

### International Network

Due to the changing nature and globalisation of the criminal environment the International Network placed greater emphasis on transnational crimes such as counter-terrorism and transnational sex offences.

In addition to the expansion of the AFP offices described earlier, extra members joining in the London, Washington and Kuala Lumpur offices focussed on counter-terrorism. Offices in Bangkok, Rangoon and Beirut increased the number of AFP officers deployed in the International Network to 65, located in 32 offices across 26 countries. This expansion enhanced the AFP's capacity to collect and disseminate criminal intelligence across all transnational crime types, and represented a stronger capacity across a diverse range of international law enforcement obligations.

The AFP continued to develop effective cooperative arrangements with partner international law enforcement agencies. The AFP formalised a number of these relationships through MOUs on combating transnational crime and developing police cooperation.

The AFP signed MOUs with the Philippines National Police, the Philippines Drug Enforcement Agency, the Philippines National Bureau of Investigations, the Colombian National Police, the Colombian Department of Administrative Security, and the Colombian Attorney-General's Department.

The AFP continued to negotiate MOUs with other key partner law-enforcing agencies.



In line with the AFP's long-term strategy to promote law enforcement cooperation in the region, TCCCs were established in Indonesia, Cambodia and Fiji, and a Joint People Smuggling Intelligence Team was formed in Thailand.

## International Deployment Group

In February 2004 the IDG was established and began consolidating under one banner the AFP's international peace operations and capacity-building efforts, including in Cyprus, East Timor, RAMSI, and the LECP. The IDG continued to deploy police to these efforts. The group also deployed police trainers to the Jordan International Police Training Center (JIPTC) as part of an international policing effort to rebuild the Iraqi Police Force.

The IDG continued to build upon and complement the AFP's International Network to combat transnational crime groups, represent Australian law-enforcement interests overseas, enhance regional security and gather and share intelligence on criminal activities and criminal groups.

When fully operational the IDG would be staffed by up to 500 personnel, drawn from AFP ranks, the APS, and negotiated staff from State and Territory police services. To ensure support to off-shore missions, support personnel would also be employed in Canberra to provide operational, administrative, logistical, health and welfare, training, and planning support. The majority would be based at the AFP's Wanggiralai Ngurrumbai Centre.

This year marks the 40th anniversary of the first deployment to Cyprus of Australian police in international peacekeeping operations. Since the first deployment around 2,700 Australian police officers served overseas, including in Namibia, Angola, Thailand, Cambodia, South Africa, Mozambique, Haiti, Somalia, and Bougainville. Sworn and unsworn police members were serving in Jordan, Timor Leste, the Solomon Islands, and Cyprus.

IDG operations oversee all Australian Government and UN negotiated deployments.

## Deployments

### Cyprus

Since May 1964 the Australian Government demonstrated ongoing commitment by providing Australian Civilian Police to the United Nations Peacekeeping Force in Cyprus (UNFICYP).

Australia's contribution to Cyprus is one of the longest serving contingents and one of the longest sustained commitments to international policing in the world.

AFP members to UNFICYP contributed to maintaining the integrity of the buffer zone dividing Greek and Turkish communities. Members worked alongside police from Ireland, Holland and India. Duties included patrolling buffer-zones, investigating human rights violations and providing the Chief of Mission (COM) with a non-military option in relation to the maintenance of the UNFICYP mandate.

The COM of UNFICYP recently travelled to United Nations (UN) headquarters in New York to plan the future of the UN in Cyprus, given the unsuccessful referendum. The result of the visit and future of UNFICYP was unknown. The UN mandate was renewed for a further six months on 15 June 2004.



### Timor Leste

The AFP maintained government-authorised deployments to Timor Leste in support of international peace operations since 1999. On 20 May 2002 AFP and State police were deployed to the United Nations Mission in Support of East Timor

(UNMISET). The number deployed was reduced in June 2004 in accordance with the UN schedule for downsizing the United Nations Police (UNPOL) element in Timor Leste.

AFP members held several key and executive level positions in UNPOL in Timor Leste, including that of Commissioner.

UNPOL's role in Timor Leste is prescribed by, and consistent with, the mandate of UNMISET. It includes providing interim law enforcement and public security, assisting with the development of a new law enforcement agency in Timor Leste—the



Polícia Nacional de Timor-Leste (PNTL)—and contributing to the maintenance of the external and internal security of the country.

Events in Timor Leste highlighted deficiencies in internal security and law and order issues. The sharp increase in the frequency and magnitude of internal security-related incidents led the UN to accept that the schedule for the PNTL to assume overall responsibility for internal security and law and order matters needed adjusting. The UN Security Council adopted Resolution 1473 on 4 April 2003 which determined that the UNPOL component of UNMISET and the schedule for its downsizing during 2003–04 would be adjusted to enhance operational capability. The Resolution expired on 19 May 2004.

On 14 May 2004 the UN Security Council adopted Resolution 1543 extending the UNMISET mandate for six months to assist the consolidation phase of Timor Leste institutions including the PNTL. The mandate allowed for the provision of UNPOL Technical Advisers without executive authority.

## Participating Police Force: Regional Assistance Mission Solomon Islands

Regional Assistance Mission Solomon Island (RAMSI) is a whole-of-government, police-led, multi-national operation assisting Solomon Islanders through economic and civil recovery support.



The mission began on 24 July 2003 with the arrival in Honiara of members of the AFP, APS and the New Zealand Police. The PPF consists of police personnel from nine Pacific countries including Australia deployed in the Solomon Islands.

The senior AFP member in the Solomon Islands is the Commander of the PPF who is also sworn in as Deputy Police Commissioner of the RSIP. Mission priorities are to restore law and order, enforce a weapons' amnesty throughout the country and oversee the improvement of a professional standards regime within the RSIP.

Since deployment, the momentum of the PPF component of RAMSI exceeded expectations. Milestones included:

- ➊ arrest of 3,117 offenders on 4,524 charges, including serving RSIP officers and several key ex-militant criminals;
- ➋ removal from the community of 3,730 firearms and 306,851 rounds of ammunition;
- ➌ establishment of 16 provincial policing posts where PPF members work with local RSIP personnel and the community to restore law, order and security;
- ➍ increase in tourist numbers (by cruise ship and air);
- ➎ reopening or opening of businesses throughout the country; and
- ➏ increased community confidence in the rule of law and the legitimacy of community policing operations.

## Jordan

In late May 2004 the IDG deployed police trainers to Jordan as part of an international program to train Iraqi police. The deployment followed requests from the United Kingdom for Australian support in a United Kingdom-sponsored Coalition Provisional Authority (CPA) training initiative. This initiative would see 32,000 Iraqi police recruits trained at the Jordan International Police Training Centre (JIPTC) by January 2006 (estimated end date).

The training centre was established by the Jordanian Government, the CPA and the Iraqi Ministry of Interior in 2003. The training plan supports the reorganising and restructuring of the Iraqi Police Service to establish an effective, trained and



proactive police service in Iraq. Australian police trainers joined police trainers from other nations to deliver the new recruit training.

IDG trainers would rotate through the JIPTC in line with IDG's deployment policy and would lecture in general policing topics and practices. AusAID is funding the deployment.

## Papua New Guinea

Following agreement between the governments of Papua New Guinea and Australia at the Ministerial Forum in Adelaide on 11 December 2003, the AFP began planning to deploy approximately 210 police and support personnel to PNG as part of the Enhanced Cooperation Program. The AFP was involved in all aspects of the development of a Treaty-level agreement allowing for the deployment.

Preparations were well advanced and included staged, rolling deployments to Bougainville and Port Moresby and deployments in subsequent years to Lae, Mount Hagen and the Highlands Highway. This assistance program was developed with the Royal Papua New Guinea Constabulary (RPNGC) and designed to address law and order issues in an initial stabilisation phase together with ongoing capacity development within the Royal Papua New Guinea Constabulary. Deployments were expected to begin early in 2004–05.

## Training

The operational challenges faced by RAMSI staff during initial deployment reinforced the need for IDG personnel to undertake the Pre-Deployment Training Course.

This two-week course is scenario-based—participants simulate a hypothetical peace-keeping mission with limited access to modern amenities. Rather than teaching participants how to police or keep the peace, the course enhances the ability to live in difficult environments while achieving critical tasks and objectives. It was first established in 2001 after the AFP realised previous training programs were not adequately preparing personnel for the realities of living in different cultures and challenging environments. The course is continually reviewed to ensure it remains relevant, appropriate and meaningful.

During the year, 17 courses were held and 367 AFP staff (166 sworn, 46 unsworn and 155 APS)

completed training. A further 11 State police completed the training before being deployed to Timor Leste and 74 police from the Cook Islands, Fiji, Kiribati, Nauru, Samoa, Tonga, and Vanuatu completed it as a prerequisite to deployment to the Solomon Islands.

The IDG promoted the course throughout the world as the premier police-training program for international deployments. Officials from Thailand, Japan, New Zealand, Fiji, Timor Leste, Germany, Switzerland, and the UN visited the training complex in Canberra to gain a better understanding of the course and the IDG's philosophies.

Plans for a specially designed village to be built on remote AFP property were finalised and construction was to be finished in early 2005. The village will add to the 'foreign' training environment IDG staff will experience before actual deployment.

Australian-based IDG staff are trained in project management, inter-agency conferences and planning sessions with external stakeholders such as the Australian Defence Forces and in handling dangerous goods (which are distributed from Australia to overseas missions).

## Law Enforcement Cooperation Program

The Law Enforcement Cooperation Program (LECP) continued to contribute to developing strategic alliances with partner agencies to combat transnational crime and support the AFP's Crime Management Strategies. Based on an analysis of crime trends, the LECP continued to focus on law-enforcement partners in Asia-Pacific and deliver project activities globally. Through the LECP the AFP increased awareness and understanding of transnational crime in 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 linked to an increase in preparedness for operational cooperation and assistance with the AFP;

- increase the standard of governance in institutional policy, human resource management, ethics, and anti-corruption measures in the recipient law enforcement agency to deter future transnational crime impact on Australia; and
- continue the AFP's close collaboration with developed law enforcement agencies and demonstrate its international leadership in transnational crime.

Funding 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.

**Table H—LECP funding appropriations for 2003–2004**

Title	2003–04 budget	\$m
NIDS		3.204
People smuggling		1.212
Melanesia		1.191
<b>Total</b>		<b>5.607</b>

The LECP undertook significant projects in partnership with foreign law-enforcement agencies and AusAID.

LECP, AusAID and the INP continued to develop the Jakarta-based TNCCC. The first three of eight crime-type portfolios in the TNCCC are now fully operational. The TNCCC provides high-level analytical support to the investigation of narcotics, counter-terrorism and people smuggling. The TNCCC was to be formally opened in Jakarta in July 2004.

LECP, AusAID and the INP completed a 12-month, capacity-building project delivering a modern forensic fingerprint laboratory and trained INP forensic staff in Jakarta. The laboratory provides forensics support to transnational crime investigations in Indonesia.

LECP and AusAID started a counter-terrorist capacity building project in Manila with the Filipino law enforcement community to develop a multi-agency investigation infrastructure for counter-terrorist activities in the Philippines. The project delivers intelligence and forensics training in the Philippines and Australia for Filipino law-enforcement personnel.

On 16 June 2004 the IDG deployed a training team to Timor Leste to assist the Government train and develop the PNTL. The project was expected to continue over the next four years.

Elsewhere in Asia, the LECP continued to lead the development of joint transnational crime teams in Thailand and Cambodia established in 2001 and 2002 respectively. Originally created to combat the threat of organised people smuggling, the teams provided significant intelligence on narcotics, identity fraud and counter-terrorism with significant arrests and seizures in both countries.

In the Pacific the LECP with partner law-enforcement agencies developed and expanded a Transnational Crime Unit (TCU) network throughout the region. TCUs are operating in Fiji, Samoa and Tonga. TCUs in Vanuatu and PNG are being developed and are scheduled for completion in late 2004. The Samoa and Tonga TCUs have already developed significant leads and information on transnational crime. The Fijian TCU, in partnership with the AFP, the Royal Malaysian Police and other foreign law enforcement agencies resolved a major transnational crime investigation spanning Asia and the Pacific in June 2004. The investigation seized a major clandestine amphetamine-type stimulant production facility in Fiji. The criminal syndicate had allegedly planned to import commercial quantities of the illegal drugs into Australia.

The LECP with its Pacific law-enforcement partners established the Pacific Transnational Crime Coordination Centre (PTCCC) in Suva, Fiji (June 2004). The PTCCC is staffed by an AFP member and members from participating Pacific law-enforcement agencies involved in the TCU network. Its role is to provide proactive transnational crime intelligence to the region and tactical and strategic advice to TCUs in participating countries.

The LECP continued to provide training and equipment to ensure future sustainability of TCUs and the TNCCCs in Asia and the Pacific. A major feature was the ongoing roll-out of a computerised Crime Management Information System (CMIS), including training. The CMIS was to be installed in all units across Asia and the Pacific providing the AFP and partner agencies with the ability to collect, manage and disseminate transnational crime intelligence bilaterally and multi-laterally between agencies, countries and across regions.



The LECP also delivered offshore law-enforcement training and expertise, providing AFP trainers and advisors globally. Training courses in intelligence, surveillance, management of serious crime, disaster victim identification, and general equipment provision were delivered in Kyrgyzstan, Serbia and Montenegro, Myanmar, the Philippines, Timor Leste, Thailand, Colombia, Vietnam, Brazil, Hong Kong, Singapore, Indonesia, Cambodia, Fiji, Samoa, and PNG.

Through LECP, law-enforcement officers from Asia, the Pacific, the Middle East, and Europe were invited to attend premier training events in Australia such as the Management of Serious Crime Course, the Police Management Development Program and the National Strategic Intelligence Course.

The LECP supported the operational exchange of members involved in transnational crime investigations including money laundering, narcotics, counter-terrorism, people smuggling, and transnational sexual offences involving Malaysia, Thailand, Cambodia, Indonesia, Fiji, Samoa, and Taiwan.

The LECP supported official visits by high-level law enforcement delegations to Australia including from Timor Leste, Indonesia, Canada, Vietnam, Malaysia, Thailand, Cambodia, Colombia, China, and Chile.

At the multi-lateral level, the LECP continued to support or sponsor high-level forums and meetings between agencies to discuss transnational crime capacity building and assistance, including the:

- South Pacific Chiefs of Police Conference, Brisbane;
- Hawaii Joint Intelligence Working Group on Transnational Crime;
- Bali 2 Process: People Smuggling Targeting Workshop, Bangkok;
- Australasian Commissioners' Drug Strategy Conference, Alice Springs;
- Interpol General Assembly Meeting, Spain; and
- Asia-Pacific Money Laundering Group Annual Meeting, Macau.

## Performance Measure 2

*Client satisfaction with International Services*

### International Network

#### AFP client satisfaction study

The 2003 AFP Client Satisfaction Survey was being finalised. Interim results indicated that client satisfaction with the International Network was high. Interim results indicated a 100 per cent client satisfaction rating with 79 per cent of clients expressing a 'very satisfied' rating.

AFP International Services represents a range of clients including Heads of Australian Missions in overseas countries, associated Australian Government agencies at Mission, intelligence-gathering agencies, and foreign law enforcement agencies. More than 50 confidential client interviews were conducted including from Australia, China, United Arab Emirates, Brazil, Colombia, Thailand, Singapore, South Africa, Malaysia, the Netherlands, Pakistan, Philippines, the United States, and Cambodia. Several confidential interviews were being conducted with Heads of Australian Diplomatic Missions. High levels of satisfaction continued in 2003 for AFP International Services from Australian and international clients.

Strong levels of client satisfaction included the willingness and capacity of AFP members to assist clients, the high quality of members of the International Network, the positive benefits of the LECP, the demonstrated skills and knowledge of AFP overseas liaison officers, and the understanding of client needs and issues by AFP members.

## Post inspections

During 2003-04, the AFP continued its inspection program of offices in the International Network, including to offices in Islamabad, Beijing, Manila, Ho Chi Minh City, and Hanoi. Visits involved comprehensive discussions with senior members of foreign law enforcement agencies who appreciated the level of service and cooperation provided by the Network. The AFP also met with Heads of Mission who expressed satisfaction with AFP work and the quality of AFP personnel.

## Visits

The large number of visits to Australia by representatives of overseas law-enforcement agencies indicated the quality of service provided by the AFP overseas and the reputation developed over time. The nature of the visits indicated the mentoring and capacity-building role of the AFP in Asia-Pacific.

Vice Minister Zhu Chun Lin, Inspector General for the Ministry of Public Security, People's Republic of China, visited Australia in March 2004 for executive briefings and meetings with the AFP to improve law-enforcement cooperation. In June 2004, 33 senior INP visited Australia and participated in an AFP Crisis Management Workshop. A high-level Vietnamese delegation visited Australia in June 2004 to establish a whole-of-government framework for dealing with transnational sexual offences based on the Australian model. The Commissioner General and other senior Executives from the Cambodian National Police (CNP) visited Australia and exchanged letters between the AFP Commissioner and Commissioner General Hok Lundy for the continued operation of the Joint AFP-CNP TCCC in Cambodia.

## International Deployment Group

### AFP client satisfaction study

The IDG was formed after the last AFP Client Satisfaction Survey. However the AFP is committed to ensuring that key stakeholders, particularly State and Territory Police Forces, are regularly briefed and updated on matters that may impact on members deployed to the IDG. This is achieved through written correspondence and briefings to Police Commissioners and Police Ministers forums.

A number of official executive level visits to IDG deployment locations took place. These enabled AFP Executives to meet with key in-country stakeholders and assess satisfaction levels with AFP deployments. Feedback was positive and confirmed through the UN frequently requesting the IDG to nominate members for key UN Police positions in missions.

The IDG developed and managed effective working relationships with a number of partner agencies, including the UN, DFAT and AusAID. To further enhance relationships the AFP placed a senior member in the UN Mission in New York and began negotiating to attach an AusAID Officer to the IDG in Canberra.

### UN assessment of AFP personnel

Performance in this area is assessed by analysing post-detachments. Assessments were provided by 18 members returning from mission with 16 listing members' performance as outstanding and two above average.

## Performance Measure 3

*Cost effectiveness of service delivery*

### International Network



The effectiveness of the International Network was measured on providing services and contributing to investigations across all crime types in Australia and abroad. Approximately 84 per cent of all high-impact work undertaken by the AFP involved the International Network. Examples of major investigations included:

- as a result of information from the Royal Malaysian Police, a major multi-lateral investigation was undertaken and resulted in the dismantling of a significant international drug syndicate and the closure of a large clandestine laboratory in Fiji;
- a joint AFP and Royal Malaysian Police investigation facilitated by the AFP Kuala Lumpur Office led to the interdiction of a container shipment from Malaysia containing 21 kg of heroin and the arrest of two foreign nationals in Melbourne;
- as a result of information received from Dutch authorities by the AFP's The Hague Office, 34 kg of MDMA was seized in Melbourne on 16 February 2004. A controlled delivery led to the arrest of five offenders on 10 March 2004; and
- the AFP Belgrade Office provided crucial support for the preparation and contingency planning for AFP involvement in the 2004 Athens Olympics and Paralympics.

An example of International Network involvement was the exchange of crucial operational intelligence from the AFP's Pretoria and Brasilia Offices which resulted in significant seizures of cocaine during April 2004. These included an investigation by the Brazilian Federal Police which resulted in the seizure of 50 kg of cocaine in Benin (West Africa) and the arrest of one offender, in addition to Brazilian authorities arresting six couriers and seizing approximately 35 kg of cocaine in Sao Paulo, Brazil. Investigators determined the couriers might have been destined for Australia.

### International Deployment Group

Components of what is now the IDG used to report under the AFP's International Network. The IDG now develops its own strategic plans in line with the AFP's new Functional Model. Central framework documents used in the IDG's planning process included the *Environment Scan February 2004—August 2005* and the *AFP Annual Report 2002–2003*, which elaborated on the AFP's business, criminal environment and internal environments.

The IDG built on and complemented the Government's commitment to the LECP. It worked with the International Network combating transnational crime groups, representing Australian law-enforcement interests overseas, enhancing regional security, gathering and sharing intelligence on criminal activities and criminal groups, and supporting other Government international responsibilities.

The value of IDG deployments was viewed in terms of overall support to Outcome 1. A large part of the success was due to the professionalism of those deployed to countries.

### Output 1.4—Guarding and Security Services

The APS delivered services in accordance with the *Australian Protective Service Act 1987* under user-pays business arrangements and through budget-funded activities specific to the security of Australia's aviation industry and in support of the RAMSI.

In July 2003, the APS deployed the first contingent of officers to RAMSI to provide protective security in the Solomon Islands. This project continued with rotating officers in and out of the country. Participating officers were selected from stations around Australia and deployed for 14 weeks. During 2003–04, 224 officers participated.

The APS continued training to maintain the Explosives Detection Canine (EDC) Program and allow for internal promotions and postings. The program maintained teams in Brisbane, Melbourne, Sydney, Canberra, and Perth. Plans were in place to maintain EDC facilities and upgrades as APS regional stations were refurbished. Further work on the kennelling EDCs at the AFP's Wanggirrali Ngurrumbai Centre at Majura, Canberra, continued and was expected to be completed in 2004–05.



The Bomb Appraisal Officer (BAO) capability at Counter-Terrorism First-Response (CTFR) airports grew significantly and included new and additional equipment and ongoing training. The BAO utility at airports remained in high demand.

EDC and BAO programs developed further and were increasingly supported by the AFP and State and Territory Police Forces and the aviation industry.

All CTFR airports were upgraded to Advanced First Response (AFR) status and maintained through ongoing recruitment and training. AFR training was an essential requirement for officers deployed to RAMSI.

The Australian Government directed that CTFR arrangements be recast from a role based on deterrence patrolling and providing a first response to one that was preventative, proactive and intelligence focused. Pending in-principle endorsement of the model by industry, Sydney Airport Corporation Ltd agreed to host a trial of the new model later in 2004. Results would be incorporated and the model presented to the aviation industry.

A key enabling capability for the new model is the Protective Security Liaison Officer (PSLO) network. Government provided \$12.7 million over four years to establish and continue the network, commencing 2004-05, at selected CTFR airports.

The APS received \$55.4 million in Budget Appropriation. Budget-funded programs were:

- continuation of the Enhanced Aviation Security, including the EDC Program agreed to in the 2002-03 Budget; and
- RAMSI deployment, \$22.7 million, agreed to by Government and provided through 2003-04 Additional Estimates.

The APS continued to establish the Air Security Officer (ASO) Program. ASO operations on domestic flights were well established and meeting the Government-approved rate of effort. International deployments to Singapore began in December. In May, following the exchange of Diplomatic Notes with the United States, the national program was expanded. Negotiations began to establish reciprocal arrangements with other destinations in the region to further expand ASO international operations.

The APS contributed to the delivery of joint law-enforcement activities with State and Territory Police Services. In March 2004 the APS worked closely with New South Wales Police and responded to a demonstration at the Prime Minister's Sydney residence.

## 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*

The APS grew to meet the demands of clients to whom the APS provided user-pays protective security services. All major user-pays clients were retained.

An outcome-focused agreement recognising APS operational independence was negotiated with the Senate and the House of Representatives at Parliament House. A similar agreement was established with the PSSC and negotiated with other major clients including the Department of Defence and the Australian Nuclear Science and Technology Organisation. Similar agreements with other clients were to be progressively negotiated.

New outcome-focused service delivery agreements were to be negotiated with airport operators to take into account the new CTFR operational model.

## Performance Measure 2

### *Satisfaction of clients and stakeholders with service provision*

The APS consulted regularly with airport operators, airlines and other stakeholders to gauge satisfaction levels and align service delivery to their needs. Aviation stakeholders generally expressed high levels of satisfaction with the CTFR role.

The aviation industry responded positively to the Government's direction to remodel the CTFR capability. It was anticipated that the aviation industry's satisfaction with the delivery of CTFR would increase as the new concept was developed and demonstrated.

The APS received letters of appreciation and commendation, including from the Western Australia Police Service Commissioner. The Commissioner highlighted the personal contribution of an officer who assisted with an incident at Perth's Domestic Airport and acknowledged the officer's exemplary dedication to duty, personal courage and professionalism.

The APS was also commended by representatives of some overseas countries in which it operates. For example, the Prime Minister of the Solomon Islands, Sir Allan Kemakeza, said in a January 2004 speech:

*"... I would like to specially recognise the contribution of two specialist units of RAMSI, The Australian Protective Service and the Australian Federal Police. These men and women have provided a tremendous service..."*

The Acting Secretary of the Justice Department for the Republic of Nauru expressed appreciation for the efforts of an APS Liaison Officer during training of the Nauru Police Force. The APS worked with the Republic of Nauru Justice Department, Foreign Affairs Department and Police Service on sensitive issues and provided advice.

The ASO Program provided further reassurance to the Australian community on domestic and international flights as an active deterrent and protective mechanism against the threat of terrorist activity. The aviation industry continued to praise the APS for delivery of the ASO Program.

## Performance Measure 3

### *Cost effectiveness of service delivery*

The APS achieved a surplus after tax and before dividend of \$8.9 million for 2003–04 which included a net operating profit from commercial activities of \$6.08 million. At 30 June 2004, the Enhanced Aviation Security and EDC Program had spent \$31.7 million from an allocated funding of \$32.8 million. This surplus would be carried over to 2004–05 to fund deferred activities not carried out in 2003–04.

Revenues from APS commercial activities increased from \$88.8 million in 2002–03 to \$93.5 million in 2003–04. The increase was attributed to improved economies of scale in corporate overheads, additional security measures implemented by APS's major clients and increased demand in extraneous services.

The net surplus before corporate tax and dividend for the year was \$12.05 million, the company tax equivalent was \$3.2 million and the dividend to the Department of Finance and Administration \$3.04 million.

From its commercial operations, the APS achieved a 23 per cent rate of return for 2003–04. This was 15 per cent above the required rate and reflected a noticeable improvement in the rate of return reported for 2003–04. This improvement offset the underperformance in previous financial years.



The APS continued to work closely with the aviation industry and delivered the highest level of service while limiting operating costs to those essential to maintain the volume and quality of service required. APS received an additional appropriation of \$19.08 million for RAMSI to provide additional resources to meet regional security requirements.







# CHAPTER 3



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The AFP has a range of enabling services which support operational portfolios. These services fall under the responsibility of the Chief Operating Officer and the Chief of Staff.

## Chief Operating Officer

The position of Chief Operating Officer was created following the Ayres review into AFP resourcing.

The COO's portfolio incorporates Information Services, Financial Services, Commercial Services, Human Resource Management, Forensic and Technical Services, Professional Standards, and Internal Audit.

## Chief of Staff



The position of Chief of Staff was created on 1 January 2004 to replace the General Manager Executive Services position. The Chief of Staff portfolio incorporates the Commissioner's Office, Marketing and Communications, Ministerial, Outcome Service Delivery, Legislation, Policy and

Strategic Services, and Recognition and Ceremonial. It also oversees the administrative arrangements pertaining to the AHTCC, although this body reports operationally to the National Manager of Economic and Special Operations.

## Marketing and Communications

Marketing and Communications supported the delivery of organisational outcomes through:

- management of internal and external communications;
- direction on corporate identity, positioning and marketing;
- development and implementation of marketing strategies;
- management of media, liaison and monitoring;
- management of issues;
- management of events; and
- preservation of the corporate history of the AFP.

## Marketing and Publications

The Marketing and Publications team managed the AFP corporate publications program and provided advice to all sections of the organisation on branding, internal and external communications and special events management.

Two flagship publications, *AFP News* and *Platypus*, continued to provide a strong foundation for communications along with an increased web presence and exploration of new technologies.

For example, one notable success, the Gold Award for outstanding achievement in providing for worklife needs of employees and the Large Business Award for organisations with more than 500 employees at the Australian Chamber of Commerce and Industry National Work and Family Awards highlighted a strong marketing and media strategy for the AFP's Worklife Diversity program.

*When the Roof Became Stars*, the exhibition on the Bali bombing investigation, had a five-month season at Old Parliament House and was being transformed into a travelling exhibition.

AFP involvement in the Solomon Island's *Operation Helpem Fren* provided opportunities for media and marketing and garnered positive coverage from local, national and international media.

Other major events included the South Pacific Chiefs of Police Conference held in Brisbane and the 3rd Australasian Drug Strategy Conference in Alice Springs.

Marketing and Publications had also been planning for the AFP's 25th anniversary on October 19 2004, with national events and activities proposed throughout the year.

## National Media Team

The National Media Team ensured that information on significant events was accessible to the media.

Supported by Regional Public Affairs Officers covering Southern Operations, Eastern Operations, Northern Operations, and Western Operations, the team distributed more than 165 media releases and dealt with an increasing number of requests for information from local, national and international media outlets.

The Team supported AFP major operational activities, including drug investigations, high-tech crime and money laundering and collaborated with other law-enforcement agencies on joint operations.

Highlights for the Media Team included the launch of the AHTCC which gained significant media profile. A large amount of media interest centred around the deployment of the RAMSI and its early success in restoring law and order.

A strong media focus around national security issues continued looking at law-enforcement efforts to combat terrorism and the AFP's role in airport security. Of significant note was the first arrest under counter-terrorism legislation. The first conviction of an Australian link to terrorism activity also gained media attention.

There was significant coverage of the AFP's role and capacity to respond to incidents at airports around the country, including the attempted hijack of a Qantas flight bound for Melbourne. The AFP's role in combating sexual servitude and slavery also resulted in positive news coverage.

The launch of the new media conference room and increased staffing numbers reflected the heavier demands placed on the AFP by national and international media.

## Ministerial

The Ministerial business unit is the primary point of contact between the AFP, the Office of the Minister for Justice and Customs and the Attorney-General's Department. Requests from other Australian Government agencies are facilitated through Ministerial. Ministerial develops, coordinates and quality assures Possible Parliamentary Questions, Current Issues Briefs, ministerial briefings, ministerial correspondence, Senate Estimates, and Questions on Notice. In addition, members within Ministerial perform the Cabinet Liaison Officer role, facilitate all matters related to and arising from Parliamentary Committees, facilitate briefings and programs relating to the Minister's overseas travel, and liaise with other Commonwealth agencies.

Until February 2004 Ministerial provided Secretariat Services to a number of AFP committees, including the Transnational Crime Management Team, Director Operations Forum and the LECP Board of Management. As part of the move to the new functional organisation structure this function was transferred to Policy Group.

During 2003–04, Ministerial progressed:

- 369 Possible Parliamentary Questions;
- 107 Current Issues Briefs;
- 156 items of ministerial correspondence;
- 569 ministerial briefings (Operational and Full briefs);
- 52 Questions on Notice; and
- 33 Senate Estimates Questions on Notice.

Ministerial was responsible for coordinating and facilitating all AFP briefings for the Senate Legal and Constitutional Legislation Committee—Budget Estimates and Additional Estimates, held in November 2003, February 2004 and May 2004.

## Legislation

Ongoing legislative reform equipped the AFP to better meet the challenges posed by serious crime in Australia and transnational criminal activities.

Over the past year the AFP participated in whole-of-government co-operative efforts particularly in relation to legislative reform relating to investigations into terrorism and related offences; serious Commonwealth offences continued to be progressed under this framework.

One of the new framework's most significant reforms was providing an extended investigation period for terrorism offences. The regime is intended to support the need to undertake inquiries overseas and allows time for translation and analysis of information to inform the investigation process.

New legislation of major significance to the AFP included:

- *Australian Protective Service Amendment Act 2004;*
- *Australian Federal Police and Other Legislation Amendment Act 2004;*
- *Telecommunications (Interception) Amendment Act 2004;*
- *Anti-terrorism Act 2004; and*
- *Customs Legislation Amendment (Airport, Port and Cargo Security) Act 2004.*

Legislation pending:

- *Surveillance Devices Bill 2004;*
- *Telecommunications (Interception) Amendment (Stored Communications) Bill 2004;*
- *Anti-terrorism Bill 2004 No 2; and*
- *Anti-terrorism Bill 2004 No 3.*

Matters of significance to law enforcement included:

- new powers in the *Australian Passports Act 1938* for law enforcement officers to demand, confiscate and seize foreign travel documents to prevent suspects leaving Australia; and
  - clarification that forensic procedures may be used in Australia to identify victims (for example, in response to an aircraft disaster or terrorist attack).
- *Australian Passports Bill 2004*  
The legislation updates the framework under

which Australian passports may be cancelled for law enforcement reasons or on national security grounds.

- *Crimes Legislation (Telecommunications Offences and Other Measures) Bill 2004*  
The legislation introduces new offences relating to child pornography and child abuse material, 'grooming' or procuring a child and using a telecommunications service to commit or facilitate a serious offence.

### Legislative reviews:

- Forensic procedures (Part 1D *Crimes Act 1914*)  
The review was completed. Recommendations are being addressed in the *Anti-terrorism Bill 2004 No 3*; and
- A Review of Professional Standards in the Australian Federal Police — February 2000 (Fisher review).  
Where required, it is proposed to address outstanding legislative matters when the *Australian Federal Police Act 1979* is next amended.

## Policy and Strategic Services

Policy and Strategic Services (formerly Policy Group) continued to provide a link between the AFP emerging operational environment and development of policy and corporate strategies. Policy and Strategic Services (PSS) focused on three key objectives:

- ensuring that AFP policy development met the requirements and expectations of Government and the Commissioner, in particular in response to a dynamic international security environment;
- ensuring that AFP policy positions were consistent with, and advanced, overall strategic direction; and
- maximising benefits from policy relationships with partners and stakeholders, particularly in the context of high-level forums such as the Australasian Police Ministers' Council and the PCC.

PSS undertook a range of projects in support of these objectives.

PSS advised AFP senior executive on developing major whole-of-government policy initiatives including the developing and implementing policy frameworks governing the RAMSI; the law

enforcement component of the Enhanced Cooperation Program with Papua New Guinea; combating the trafficking in persons for the purposes of sexual servitude; and enhancing the Air Security Officer program.

PSS continued to provide strategic advice to AFP senior executive and the Minister for Justice and Customs on a broad range of high-level policy issues, including briefing the Commissioner for his co-opted attendance at meetings of the Secretaries Committee on National Security (SCNS) and the Minister for meetings of the National Security Committee of Cabinet (NSC).

As part of the move to a functional structure an Executive Management Board was established, replacing the NMT as the senior internal body responsible for policy, strategy and corporate governance for the AFP. PSS supported the Chief of Staff in her role as Secretary to the Board by advising on the Board's operating arrangements and providing secretariat services for the Board's inaugural meeting on 8 June 2004.

PSS continued to provide high-quality advice in close consultation with the AGD and the ACS to drug policy forums including the Australian National Council on Drugs and the Ministerial Council on Drug Strategy (MCDS). Australia's National Drug Strategy was reviewed and a new edition endorsed at the MCDS meeting on 20 May 2004.

PSS provided support to projects conducted under the National Drug Law Enforcement Research Fund.

PSS contributed to the successful outcome achieved by the Australian Delegation at the 47th Session of the Commission on Narcotic Drugs in Vienna in March 2004. Two Australian law enforcement resolutions (relating to illicit drug profiling and international cooperation) were endorsed.

The AFP and the Northern Territory Police, Fire and Emergency Services, successfully hosted the Third Australasian Drugs Strategy Conference in Alice Springs in May 2004. PSS provided significant policy input to the Conference agenda and presented to the Conference on the AFP's Drug Harm Index.

PSS supported the AFP executive's strategic considerations and actions by: preparing the three-year Strategic Plan; developing a new strategic planning framework, reflecting the AFP's move to a functional structure; undertaking the AFP's annual environment scan; and completing two scenario

analysis projects which addressed terrorism and economic and high-technology crime in 2008.

PSS continued to support the activities of the Asia-Pacific Group on Anti-Money Laundering (APG) by supporting the Commissioner, as Co-Chair of the APG, at meetings in Macau, China, during September 2003, and in Seoul, Korea, in June 2004. PSS coordinated a review of the administrative arrangements for the APG Secretariat, which resulted in the Commissioner and the ACC CEO agreeing to transfer administrative responsibility for the Secretariat from the Commission to the AFP early in 2004–05.

PSS continued to contribute to the overall direction of the ACC by providing briefing advice to the Commissioner for his ongoing role as Chair of the Commission's Board of Management.

The PSS supported the implementation of the new AFP functional structure and the integration of the APS by facilitating the review of, and appropriate consequential amendments to, the AFP Governance Framework (which provides direction and guidance on work, employment practices and professional standards in the AFP).

In addition, PSS:

- provided secretariat support for the former NMT and for the Science and Technology Steering Committee and its supporting groups;
- coordinated the development of new policy initiatives proposed by the AFP for the Government's consideration in the context of the 2004–2005 Budget; and
- serviced the AFP's requirements as a member of peak law enforcement and associated bodies, including the Senior Officers' Group of the Australasian Police Ministers' Council, the Boards of Management of the National Common Police Service bodies, the PCC, the ACC's Forum and the Heads of Commonwealth Operational Law Enforcement Agencies meetings.

## Recognition and Ceremonial Team

Established in January 2003, the Recognition and Ceremonial Team completed its first full year. The team's responsibilities included:

- implementing the Recognition Program which included:
  - investigating and facilitating internal awards;
  - investigating and processing awards under the National Honours and Awards system;
  - investigating and pursuing appropriate awards from other external sources; and
  - building awareness of recognition mechanisms available to AFP and APS employees.
- ensuring 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.

This framework will be included in the AFP Governance Framework.

## AFP Honours and Awards

A range of new internal awards was introduced:

- Meritorious Service and Bravery Honours and Awards; and
- Long and Operation Service Medals.

The new awards cover all types of recognition, with medals and ribbons representing the awards to be worn by recipients at appropriate times. Three main categories of awards recognise individual and collective endeavours and long service:

- Commissioner's Medals for Excellence and Innovation;
- Commissioner's Commendations; and
- Group Citations.

The first round of recipients was announced at the inaugural Commissioner's Honours List ceremony on 2 April 2004, the annual date set for the awards and the date the Commissioner received his appointment.



Recipients announced in this year's Commissioner's Honours List were drawn from across the AFP, in particular those involved in Operation Alliance (the Bali bombings) and the Canberra bushfires of January 2003.

## Other AFP medals

In November 2003 an AFP Operations Medal and two other medals for long service with the AFP and APS were announced.

Recipients for the new AFP Operations Medal, with the clasp 'Alliance' for their work on Operation Alliance following the Bali bombings, were to be announced shortly.

It was also anticipated that the AFP Service Medal and the APS Service Medal, both for long and diligent service, would be introduced later in 2004.

## Ceremonial

The Recognition and Ceremonial Team coordinated ceremonial events including the 2003 National Police Remembrance Day Service and continued to develop AFP policies and guidelines on ceremonial and protocol issues.



## AFP Honour Guard

The AFP established an Honour Guard to provide a uniformed and drilled team to parade at ceremonial and other events. The Guard is a volunteer team of sworn AFP members based in the ACT region. The AFP Honour Guard also forms the AFP Colour Party and Escort.

Elements of the Honour Guard took part in ceremonial events including:

- the National Police Remembrance Day Service;
- the official visit by Commissioner Zaccardelli, Royal Canadian Mounted Police; and
- the 40th Anniversary of Police in Peacekeeping (Melbourne).

## Human Resources Management

### People strategies

The AFP People Strategy area continued developing measures to maintain the capacity and capability of the workforce. This allowed the AFP to respond to the dynamic national and international crime environment. The most significant response was the AFP's quick and effective assignment of human

resources into large-scale peace-keeping activities that arose in the Solomon Islands as part of the Australian Government's assistance mission *Operation Helpem Fren*.

The AFP developed and implemented a management structure focussed on improving operational results through functional alignment. This included reviewing and realigning human resource management practices and services.

The AFP also developed a new Certified Agreement (CA) 2003–2006 including a wide range of worklife balance initiatives. The AFP won two National Work and Family awards—the Gold Award for outstanding achievement in providing for worklife needs of employees and the Large Business Award for organisations with more than 500 employees. The awards, presented by the Australian Chamber of Commerce and Industry and the Business Council of Australia, recognised significant initiatives taken by organisations in this important field.

The AFP was the first law-enforcement agency to receive the Gold Award.



### Strategic human resources

To sustain and improve organisational performance, the AFP needs to attract, develop, motivate, and retain high-quality, adaptive employees. Regular staff satisfaction surveys including the Staff Opinion and Analysis Review (SOAR) and the Recruits Over Time Survey (ROTS) were conducted to input into strategic human resource programs.

SOAR was first conducted in the AFP in 2001 and in the APS in 2002. It was repeated in both areas in 2003. The response rate to the 2003 survey was 91 per cent, ensuring results reflected the workforce's views and opinions. SOAR (2003) results showed significant improvement when compared with previous surveys.

ROTS has been conducted with a snapshot of new employees recruited since 2001.

Programs included:

- ① implementing the People Development Framework (PDF) to identify AFP expectations on the qualities and behaviours expected of employees;
- ② realigning human resource management systems and processes such as the Performance Development Agreement (PDA) and Career Self-Assessment and Planning System (CAPS) to reflect PDF outcomes; and
- ③ maintaining a skills database to capture operational readiness information about AFP employees and to better inform deployment decisions.

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

In September 2003 the AFP introduced a tailored, web-based performance management system to improve leadership and people-management practices. The system emphasises individual development. The PDA not only focuses on work performance (outcomes) but also behavioural performance (things done or said). It identifies individual development needs and areas for performance improvements against a clear framework and highlights broader organisational development requirements.

CAPS offers employees an interactive web-based tool and support networks to help identify career aspirations and development needs. It provides independent job information and highlights the wide range of career opportunities offered in the AFP. It also supports individual career plans to position employees competitively for opportunities within the AFP. Since introduced in February 2003, 1,714 users have accessed the system and 19,700 skills entered.

The SOAR survey will be repeated in 2005 to measure staff motivation and satisfaction on key issues and the implementation of the new functional management structure.

## APS human resources

The APS HRS comprises all aspects of human resource management in support of the AFP Protection portfolio. The HRS undertook a comprehensive program of workplace diversity awareness and training, finalised the structure for administrative support at operational stations and undertook significant work in selecting staff to fill long-term internal vacancies and placements as part of the Solomon Islands deployment.

## Workforce planning

The workforce planning group supports business-planning activities within the AFP. The group continued to inform budget planning, recruitment strategy and resource allocation consistent with annual business plans. It also reported on and analysed workforce trends in detail.

The AFP adopts a flexible and adaptive approach to mobilising its workforce so that proper resourcing and skill levels are provided to new initiatives (including peacekeeping) while maintaining core business activities.

The ability to recruit fresh skills depends on affordable staffing levels and the annual loss of staff through attrition.

The AFP's attrition rate was 4.7 per cent, with a significantly lower attrition rate, 3 per cent, for sworn staff. This low rate reflects a number of workforce characteristics. Due to large recruitment activity over the past three years, 58.5 per cent of the workforce has less than 10 years of service, and 45.9 per cent are 35 and younger. In addition, the challenging nature of today's AFP business, nationally and internationally, provided an environment in which the AFP was an employer and career of choice.

**Table I—AFP employees (including APS)  
2002–2004**

	2002–2003	2003–2004
Outcome 1 and 2		
Members (sworn)	3,384	3,465
Members (unsworn)	1,376	1,335
<b>Total:</b>	<b>4,760</b>	<b>4,800</b>



A detailed breakdown of AFP staff characteristics, including geographical distribution, employment groupings, service, gender and age profiles of sworn and unsworn AFP staff, and operational and non-operational APS staff, is in the Appendixes, Table 27.

## Recruitment

The AFP continued to recruit to meet demands arising from new measures announced in the 2002–2003 Budget and to offset attrition.

The effectiveness of the AFP's approach to recruitment and development of sworn members, with a focus on maintaining the organisation's capacity and capability, was reflected by the ability of members with less than five years service to effectively backfill for experienced members redeployed to other activities such as peace-keeping.

APS recruitment activity slowed, reflecting a reduced need to recruit to meet the increased responsibilities for counter-terrorism activities.

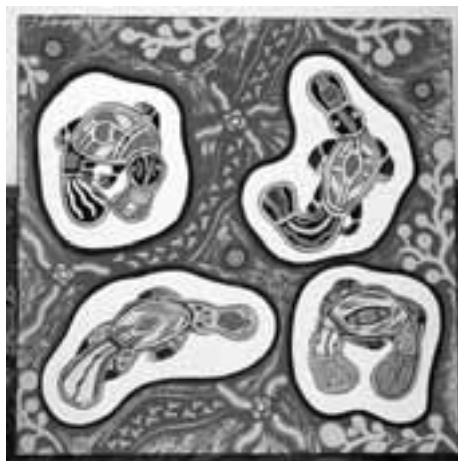
Recruitment was undertaken to meet annual attrition and increase staff numbers and to meet the APS's deployment commitment to the Operation Helpem Fren assistance mission to the Solomon Islands

## Worklife diversity

The AFP continued to promote a flexible and diverse workforce, encouraging and enhancing strong partnerships by influencing initiatives that link diversity with bottom-line business results (in accordance with Aspects of Diversity, the worklife diversity program 2004–2007).

The AFP continued to support internal AFP and APS employee networks. The Malunggang Indigenous Officer Network (MION) and the Gay & Lesbian Liaison Officer (GLLO) network had senior executive patrons who provided advice and advocacy. Regular network forums provided the opportunity for feedback and strategy development that progressively improved the diversity of the AFP and APS. Both networks released new programs and strategies and provided ongoing support to managers and individuals on diversity issues.

The AFP continued to ensure the workplace was free from discrimination and harassing behaviours by extending compulsory workplace discrimination and harassment online training to new employees and contractors. In 2004 an education program for APS



employees with online and face-to-face training was implemented. The program succeeded in raising awareness of the responsibilities of APS employees in their work environment and the people with whom they interacted.

The APS continued to develop and maintain a Harassment Contact Officer (HCO) Network. The network provided a contact point, assistance and support to those who felt they had been exposed to harassment or discrimination in the workplace and helped them deal with matters informally and formally. Towards the end of the year the APS HCO joined the AFP Confidant Network as the broader integration process continued.

Training additional APS members as confidants was planned to further develop the network.

The AFP introduced new programs, such as Find Your Rhythm, to educate employees and provide access to flexible work options and worklife-balance initiatives under the AFP Certified Agreement. The benefits and people development framework optimised operational and personal needs. Other programs included providing emergency care to help staff respond to operational deployment demands and establishing more access to multi-purpose rooms to assist employees to meet carer responsibilities, breast-feeding requirements and prayer.

In March 2004 more than 80 AFP and APS participants, along with senior management and guests from police forces in New Zealand, South Australia, Victoria, and Western Australia, gathered in Canberra to hear leaders from the Australian public and private sector at an Inspirational

Leadership Seminar. The seminar focussed on contemporary issues facing women in policing and developed recommendations for delivering effective police services to the Australian community.

The AFP provided secretariat support and continued representation on the Australian New Zealand Equal Opportunity Consultative Committee (ANZEOCO) and the Commissioners' Australasian Women in Policing Advisory Committee (CAWIPAC). These committees represent all jurisdictions, share information and provide strategic advice to the Commissioners of Police on issues relating to diversity and women.

The AFP and APS participated in community events and national celebrations including Harmony Day, International Women's Day, Reconciliation Week, NAIDOC, NSW Mardi Gras, Aids Awareness, and Disability Awareness days.

## Women in Law Enforcement Strategy

An initiative of the Heads of Commonwealth Operational Law Enforcement Agencies, the Women in Law Enforcement Strategy (WILES) aims to foster and encourage women pursuing careers, especially senior positions, in law enforcement and regulation. The annual WILES mentoring program has a strong focus and is supported by a WILES series of talks and guest lecturers. Since inception, three WILES mentoring programs had successfully been completed and a fourth was in progress. Input from alumni was used to refine the program. Additional funds from participating agencies ensured its future over the next three years.

The AFP chaired the WILES Steering Committee (Chief of Staff) and provided secretariat support.

## National Women's Consultative Team

The National Women's Consultative Team (NWCT), established by the Commissioner in 1999, includes 26 women selected from the AFP to support management and AFP delegates for the Commissioners Advisory Council. A key role is to provide leadership to local networks.

NWCT members are committed to attending national network meetings and sharing information



between local and national groups. Its success relies on local networks in each of the main AFP business units. Developmental opportunities, arranged through local NWC networks, have been successful. The NWCT continued to explore opportunities to extend support to other women in policing through networking across jurisdictional and national boundaries, such as involving members in the first South Pacific Chiefs of Police Conference—Women's Advisory Network (SPGPC-WAN).

## Workplace relations

Conditions of service for AFP employees are covered by a Certified Agreement (CA) developed in accordance with s.170LJ of the *Workplace Relations Act 1996*, individual agreements with employees and determinations made by the Commissioner under s. 27 of the AFP Act. The latest CA was certified on 27 June 2003.

The new agreement clarified and consolidated the directions in the 1999–2002 CA including increased workplace flexibility, an enhanced capacity to respond to emerging situations and improved worklife balance. Salary ranges for employees are in Table 33 in the Appendixes.

The CA does not apply to Senior Executives, to employees posted overseas or to External Territories. The terms and conditions of service for

these groups are in individual agreements and Commissioner of Police Determinations. At 30 June 2004 there were 45 Senior Executive employees and 261 AFP members serving overseas.

Australian Workplace Agreements (AWAs) are made available by the Commissioner to employees. Ninety-one AWAs were entered into by members with the Commissioner, compared with 41 agreements the previous year. The increase largely related to employees performing duty in the Air Security Officer Program.

The APS does not have an agency-specific CA, with conditions of service for each category of employee. Rather, 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 1996*. 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 in Table 36 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.

As part of the final phase of integration of the AFP and the APS a new Certified Agreement for APS was to have been negotiated in 2004–05.

## Remuneration of Senior Executives

Remuneration and conditions of service for Senior Executives within the AFP are determined by the Commissioner with each senior executive signing an individual agreement at the commencement of employment. These agreements are reviewed by the Commissioner annually or more frequently if appropriate, with changes in responsibilities and performance contributing to the achievement of corporate objectives. In such instances, new

agreements are set between the Commissioner and the senior executive.

A bonus payment may be made where the Commissioner determines that a Senior Executive has produced outstanding results in achieving objectives or additional outcomes for the organisation. Performance bonuses paid to senior executives are in Table 35 in the Appendixes.

## Industrial democracy

The new CA continued to underpin the operations of the AFP's National Teams Model. This provided team-member involvement in establishing and providing work practices that meet day-to-day and major operational requirements.

The Board of Reference, established in the previous CA as part of the dispute resolution process, was retained in the new agreement. The Board met 13 times during the reporting year. The Board was not required to issue formal determinations as matters brought before it were resolved through agreement.



## Learning and Development

Learning and Development (L&D) continued to support the AFP's ability to fight crime and protect Australia's interests. In keeping with the new Functional Model, the structure of the AFP College was refined and now incorporates Protective Services training to support the completion of the integration of the APS into the AFP. The refinement reflected the functional structure and the College now has seven core-skill focused training areas: Investigations; Leadership and Management; Specialist and International; Security and Protection; Management of Serious Crime; Policing Practice and Induction; and Protective Security. These training areas are supported by an enabling section called Business and Academic Management.

Major initiatives during the year included:

- the introduction of the Advanced Counter Terrorism Investigation Program;
- a large increase in International Deployment Pre-deployment Training (IDPT) at Majura where approximately 600 participants completed training;
- the Security and Protection section assuming responsibility for delivering Operational Safety Training and recertification in AFP Area Offices (except for ACT Policing). A new Area Operational Safety Training Team was established to deliver this training; and
- the introduction of a liaison role between the tertiary education sector and the AFP to enhance coordination of capability and skill strategies. The role also aimed to facilitate collaborative research ventures, support AFP staff undertaking study at tertiary institutions and identify courses and consultancies of value to the AFP.

The Manager, L&D, continued to chair the AFP Operational Safety Committee. The Committee

provided high-level advice and strategic direction for the AFP's operational safety environment. During the year a major project to upgrade all AFP firearm unloading/loading facilities was completed.

## Investigations training

The main focus of investigations training was to support the rapid rate of change and growth in the national investigations role and workforce, in particular the range and level of investigational demand and expertise.

A Human Trafficking Investigations Program (20 participants) and three Financial Investigations Programs (52 participants) were conducted.

The Advanced Counter Terrorism Investigations Program (ACTIP) was designed and introduced. Three programs were delivered to 49 participants, including 19 members of State Police Services and two members of the New Zealand Police Service.

Regional Training Teams provided a crucial link between Learning & Development and operational areas of the workforce to ensure contemporary and relevant training was delivered. Teams were committed to providing timely, high-quality and relevant learning opportunities to all clients. Focus was directed at the workplace environment.

## Leadership and management development

A Senior Leadership Development Program was delivered to 16 senior AFP leaders. Following the program L&D undertook a training needs analysis to inform the delivery of Manager and Team Leader development training for the future. Management development commenced informally with team members and more formally with team leaders and progresses to co-ordinators. The area also helped develop the Executive Development Program and conducted two workshops for Directors based on the Capability Framework.

Specialised programs were also delivered to address immediate needs such as Ministerial Writing, Speed Reading and Lead your Teams workshops.

AFP involvement in the Australasian Police Professional Standards Council (APPSC) was coordinated with specific input to project development to support AFP's partnerships with other policing agencies.

## Specialist and international training

Almost 400 participants from 18 international law-enforcement agencies received training covering law enforcement intelligence, surveillance, disaster victim identification, and forensic investigations management. The major focus was on capability building for transnational crime centres in Indonesia and South Pacific Island countries. In addition 112 AFP members from the International stream received training in cross-cultural awareness, liaison officer pre-embarkation, locally engaged staff, and law-enforcement advisor development.

Twenty-seven agency-tailored courses were delivered to Australian partner law-enforcement agencies. Centrelink, a major client, had 100 staff trained in intelligence and investigations management. Other clients included the Australian Customs Service, Australian Crime Commission, Australian Securities and Investments Commission, Royal Australian Air Force, Department of Immigration and Multicultural Affairs and Indigenous Affairs, Australian Tax Office, and ACT Corrections. Participants (35) completed courses in areas including fraud control investigations, financial investigations, intelligence, surveillance, e-crime, conflict de-escalation, and use of force. Demand for criminal intelligence training continued to rise, with 285 participants in 28 courses covering Basic Intelligence, Analyst Notebook, Source Handling, and Strategic Intelligence (NSIC). This represented a 38 per cent increase in activity. New programs included the Intelligence Officers Development Program and the Practices and Procedures workshop for intelligence support officers. The School of Law Enforcement Intelligence coordinated the development of intelligence doctrine for the AFP.

Surveillance training continued strongly with 20 courses at local and national surveillance levels and eight digital imaging courses provided to 280 AFP participants. The Surveillance Training Team played a significant role in evaluating new surveillance technology and coordinating the surveillance network and web site.

Training was provided to 97 forensic members in rapid response, disaster victim identification, biology, fingerprints, and crime scenes. Forensic-related training was provided to 108 AFP members in eight sessions. E-crime (Tier 1) training was provided to 160 participants.

## Security and protection

Security and protection provides training services in a wide variety of AFP core activities.

The School of Protection develops and delivers all training requirements for protection. This includes the Close Personal Protection program, the Protection Skills Enhancement Program and the development of programs in other areas, including enhancing the skills of Protection members in driving, firearms, first aid, and other competencies. The School also looked to develop programs to help members who had finished or almost finished their deployment to Protection reintegrate into other AFP specialities.

The School of Operational Safety and Police Practice is responsible for operational safety training and recertification for non-uniform AFP members in the ACT geographical area as well as training for new AFP members. It also provides training and certification in the use of force for members of the Australian Customs Service National Marine Unit. Programs delivered included recruit and lateral use of force, recertification for AFP members and the National Marine Unit, Glock conversion programs, specialist firearms programs and Oleoresin Capsicum. The School is responsible for research and development to maintain the currency of AFP practices and procedures in all aspects of the use of force. The International Deployment Pre-deployment Training Team (IDPTT) develops and delivers training for personnel to be deployed on overseas missions, including the AFP, APS, Pacific Island country personnel, and interstate police deployed to the IDG. More than 600 personnel successfully completed training.

## Management of Serious Crime

Management of Serious Crime (MOSC) Programs 29, 30 and 31 were conducted. They were based on the themes of Terrorism in the 21st century: A new dimension for global law enforcement; Trafficking in Humans: The Global Sex Trade; and Outlaw Motorcycle Gangs—An International approach to Motorcycle Mafia.

Two International MOSC programs were held in Singapore on Terrorism: A Collaborative Approach to Diverse Investigations; and Terrorism: Regional Threat, United Response.

MOSC contributed to the development of the Jakarta Centre for Law Enforcement Cooperation and was also involved in a project to develop the structure and roles of Major Incident Rooms. The Major Incident Room concept resulted from an Operation Alliance debrief recommendation to better manage information in an Incident Coordination Centre.

MOSC continued to chair and coordinate the Investigations Advisory Group.

## Policing Practice and Induction

Policing Practice and Induction is the arm of L&D that provides the primary operational training needs of the AFP. It is made up of the Recruit Training and Induction Program, the National Federal Police Development Program and the ACT Federal Police Development Program.

Seventy-seven new sworn members completed induction training. Twenty-one were deployed to ACT Policing. A further 10 lateral officers began sworn training for deployment to the ACT.

Fifty-six recruits were trained for national operations and deployed to areas across the AFP. These recruits allowed the AFP to maintain its policing commitment at a time of significant change.

## Protective services

The Protective Service National Training Centre (NTC) is an integral part of the AFP College, having combined with the AFP College into a single Registered Training Organisation. The NTC conducted all Protective Service recruitment training, specialist and officer development programs (including the Air Security Officer program) and delivered commercial training programs a number of government departments and agencies.

## Business and academic management

With the transition to the Functional Model, the former areas of Learning Support Services and Standards and Development were integrated into a new portfolio of Business and Academic Management. This combined all training support services into one area of L&D. Training support services included recording, reporting and student records management, research

and development, curriculum design, quality assurance, learning and development practitioner capabilities, financial services, and appropriate in-house facilities and equipment.

Development and Standards concentrated on developing improved induction packages for unsworn AFP members. These packages were a blend of on-line and face-to-face product, designed to meet the needs of new unsworn members in a timely manner. They were to have been completed before the end of 2004.

The Australian Federal Police On-Line Learning (AFPOLL) continued to be a pivotal learning strategy for the AFP. The range of courses available increased and new courses developed. On-line training support was delivered for the Career Self-Assessment and Planning System, Performance Development Agreement, Security Awareness (Tiers1-3), Confidant's Introduction, e-crime, and desktop applications. Generic personnel development modules included Emotional Intelligence, Giving and Receiving Feedback and expanded delivery in Worklife Diversity, Property and Exhibits Registry, Digital Imagery, and Occupational Health and Safety (OH&S). A range of recruit and induction modules was being developed.

The Federal Police College was audited by the ACT Accreditation and Registration Council as part of the Registered Training Organisation process. The audit found that processes and procedures were in line with national requirements.

## Health and Safety Services

Health and Safety Services (H&SS) consists of:

- ➊ Medical Services;
- ➋ Employee Assistance & Psychological Services;
- ➌ OH&S;
- ➍ Rehabilitation;
- ➎ Drug Testing;
- ➏ Confidant Network (CN); and
- ➐ Chaplaincy.

All areas work collaboratively to ensure best practice in individual, family, operational, and AFP-wide health, safety and psychological elements of employment.



## Medical Services

AFP Medical Services comprises an internal occupational and public health medical service and a clinical forensic medicine service. These are provided to AFP involved in national and international operations and to those involved in Community Policing in the ACT.

The occupational and public health medicine service covers the development and review of medical standards for applicants and ongoing operational services, including operational deployment overseas, assessments of fitness for operational duty and advice on medical preparedness for IDG operations.

Upgrading the medical status of AFP employees likely to be deployed on short- and long-term overseas operations continued.

A Program Manager, Health and Fitness, was appointed to support the Director, Medical Services, and introduce a health-risk monitoring program and health promotion and education activities.

## Employee Assistance & Psychological Services

Employee Assistance & Psychological Services (EA&PS) delivered services to all operational areas and to members and their families. The EA&PS continued to support all AFP staff with the increased workload generated by deployment to the Solomon Islands and APS integration.

Major operational activities included:

- psychological assessment and suitability for overseas deployment (International Network, IDG deployment);
- pre-deployment briefings (members and/or spouses) and post-deployment debriefs for overseas Liaison Officers and related personnel, IDG deployment and counter-terrorism deployments;
- counter-terrorism teams—debriefs and in-situ visits;
- protection—investigative assistance;
- professional standards assessments and reports to members under investigation;
- psychological assessment and suitability for Surveillance and Special Response Service (SRS);

- training development and delivery for negotiators, counter-terrorism, Special Response and Security Team; and
- ACT Policing Crime Prevention.

EA&PS works closely with ACT Policing Welfare Officers, particularly the Operational Psychologist.

Strategic initiatives included implementing Australasian Centre for Policing Research (ACPR) recommendations on managing the risk of psychological harm for operational police in special operational areas including AHTCC, TSETT, Sexual Assault and Child Abuse Team (ACT Policing - SACAT), Protection and Computer Forensics.

EA&PS oversaw AFP welfare services which included a nationwide network of welfare offices. In ACT Policing, two sworn members were full-time welfare officers, providing 24-hour welfare support to members and their families.

EA&PS managed the contract for the outsourced Employee Assistance Program (EAP), providing services to ACT Policing, national and some international locations. New referrals for counselling comprised 78 per cent personal issues and 22 per cent work-related. The EAP also provided telephone consultations, trauma debriefs, limited training, and mediations.

EA&PS helped plan the integration of the APS into the AFP. This initially included psychological issues related to recruitment and the future tendering for EAP.

## Occupational Health and Safety

The AFP is bound by the *Occupational Health and Safety (Commonwealth Employment) Act 1991* and the *Safety, Rehabilitation and Compensation Act 1988*.

Internal audits conducted covered 10 Protective Security workplaces, including five APS stations. The audits found that most criteria had been met, although there was room for improvement in some areas (being addressed). The audits formed part of the AFP's commitment to continually improve its OH&S management system.

Ninety-three OH&S training courses were facilitated AFP-wide, covering:

- first aid;
- emergency management and control;
- OH&S induction training to recruits, lateral transfers and non-sworn members;
- OH&S for locally engaged overseas staff;
- local OH&S familiarisation;
- tailored OH&S courses for specialist areas;
- OH&S Committee function and effectiveness; and
- OH&S Risk Management and Workplace Incident Investigation.

A two-day internal training course was held for OH&S Rehabilitation staff.

The AFP continued to meet its workers' compensation and rehabilitation responsibilities. According to Comcare's Prevention and Injury Management Scorecard the AFP achieved a 90 per cent quality return-to-work rate compared with the Australian Government average of 79 per cent. The AFP also had a return-to-work plan for 62 per cent of new claims, compared with the Australian Government average of 44 per cent.

The AFP notified Comcare of 73 incidents under section 68 of the OH&S Act (accidents and dangerous occurrences). The number of incidents decreased from 84 in the previous year.

One provisional improvement notice was issued by a Health and Safety representative and resolved internally. One reactive investigation was conducted by Comcare.

APS Injury Prevention & Management (IP&M) extensively reviewed its systems and procedures as a joint project with Comcare. The review included workplace inspections and outcomes included:

- presentations to managers, officers and staff on IP&M roles and responsibilities;
- improved reporting procedures; and
- presentations to recruits and ASO new starters and Protective Service Officer Leadership courses.

The APS reviewed its compensation rehabilitation files and management practices and began developing new workplace-friendly reporting forms.

The APS:

- notified Comcare of 11 incidents under section 68 of the OH&S Act;
- conducted seven internally generated OH&S investigations;
- had no Provisional Improvement Notices lodged; and
- had no reactive investigations conducted by Comcare.



## Drug testing

The AFP conducts prohibited drug-testing activities as part of its Drug Free Workforce Program. These are: Mandatory Applicant Testing (MAT); Mandatory Targeted Testing (MTT); Mandatory Investigation Testing (MIT); Mandatory Certain Incident Testing (MCIT); and Mandatory Volunteer Testing (MVT).

These activities received full cooperation from employees and the Australian Federal Police Association. Each activity focused on detecting the presence of prohibited drugs, specifically narcotic substances (as defined in the *Customs Act 1901*, Schedule IV).

The table below compares drug program statistics for 2002–2003 and 2003–2004. During 2003–04, two applicants for unsworn positions and three contractors tested positive for drug use. All other tests were negative.

**Table J—Prohibited drug tests**

Category	2002–2003	2003–2004
Mandatory applicant testing	723	291
Mandatory targeted testing	1,905	1,122
Mandatory testing of AFP volunteers	28	-
Mandatory investigation testing	10	2
Mandatory certain incident testing	3	2
Contractor	117	101

At 1 July 2004

The APS has zero tolerance of prohibited drugs. Random drug testing was carried out for the Air Security Officer program and pre- and post-deployment medicals conducted for officers deployed to overseas posts. The pre-employment medical check for prospective APS officers included a drug-screening component.

## Confidant Network

The Confidant Network (CN) is designed to provide support and assistance to AFP employees (including APS) in dealing with behaviour contrary to AFP core values. The Network ensures the AFP embraces and fosters a culture that will not tolerate corruption and/or unethical or inappropriate behaviour.

Confidants are volunteers from all levels, including sworn and unsworn employees. They support employees who fulfil their obligation to report misbehaviour. Confidants are conduits for information between the reporting member and the AFP. They also support those who may be the subject of a Professional Standards (PRS) or managerial enquiry.

Confidants receive training on AFP guidelines, adhering to confidentiality principles and procedural fairness for all parties. There were 248 fully trained Confidants. Twenty-one new Confidants received introductory day training to enable them to act in their Confidant role with additional supervisory support from the Confidant Network Coordination Team (CNCT). Seventy-seven applicants were being

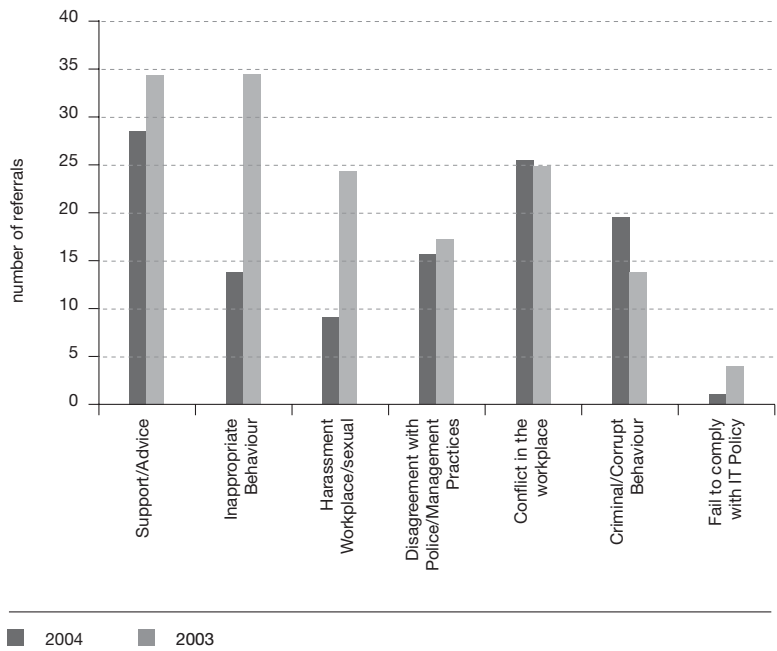
vetted or were completing an online information pack provided through Learning and Development's AFP On-Line Learning system.

Table K—Confidant Network Statistics

Confidants referred 113 matters to the Network:	
criminal allegations	17%
inappropriate behaviour	12%
workplace conflict	23%
harassment/discrimination	8%
failure to comply with IT policy	1%
disagreement with policy/management	14%
support/advice	25%

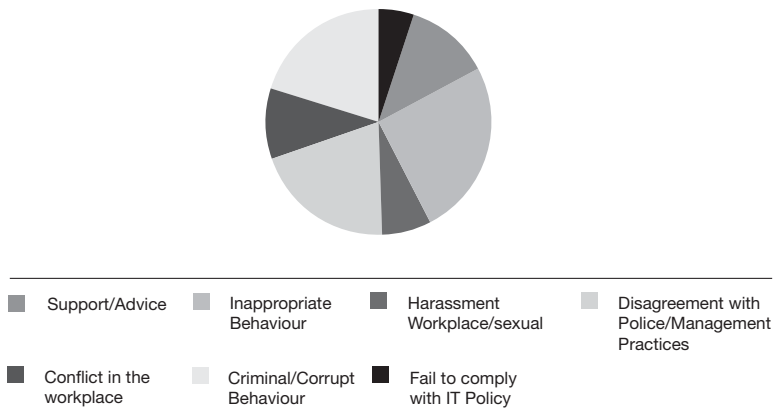
The number of referrals decreased from 152 in 2002–2003. This decrease might have been due to employees' greater understanding on what constituted acceptable behaviour under AFP core values and governance. However, to ensure the CN continued to contribute to the integrity of the AFP, the CNCT was being expanded.

Chart 7—AFP Confidant Network Category Comparison 2003–04



Of the matters reported by the CN, 64 referrals (60 per cent of the total reported) were completed. In the first instance, 42 per cent were referred back to management for action (including facilitated mediation), 31 per cent were referred to Professional Standards for investigation, 16 per cent were for information only or were resolved with CN assistance (received advice and chose to address the matter themselves), and 11 per cent were resolved through other means (such as referral to welfare services). The 49 referrals still active were still under investigation or required ongoing support in workplace.

**Chart 8—Confidant Network Quarterly Statistics**



## Ethical standards

All AFP actions are underpinned by six core values:

### 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.

To perform effectively, the AFP must maintain the confidence of the Australian Government and the community for the integrity of individual employees and the ability of the organisation to prevent and counter internal corruption and misconduct. The AFP's values require employees to exercise their powers and conduct themselves at all times in accordance with their legal obligations and the professional standards expected by Government and the wider community. The AFP is committed to delivering professional standards based on modern management techniques and reflecting the principles of a learning organisation. Professional Standards 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 teams and focussing 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.

Professional Standards investigates and manages all complaints and oversees the AFP's integrity programs. The Commonwealth Ombudsman reviews all complaint matters and reports

independently to Parliament. There are various ways members of the community can 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 to the Commonwealth Ombudsman.

More than 75 per cent of matters continued to be dealt with by conciliation under provisions of the *Complaints (Australian Federal Police) Act 1979*. Those that did not constitute a complaint were dealt with by management action. This indicated that client service issues of a relatively minor nature constituted a significant portion of all complaints. Line managers continued to have primary responsibility for dealing with these matters.

Strategies were also implemented to ensure that consultation with key stakeholders continued to assist in developing a responsive and accountable complaints process for the AFP. Professional Standards had a proactive approach to risk management of corrupt and unethical behaviour, incorporating a strategic intelligence capability within the portfolio. This allowed the AFP to identify trends early and take preventative or remedial action before issues developed. This included coordinating organisational responses to integrity assessments and profiling areas and practices identified as at risk of attracting complaints or allegations.

An independent review commissioned by the AFP into its disciplinary process was completed. The Fisher Report recommended the AFP adopt a professional standards regime using managerial resolutions for what the report terms "minor management matters". Traditional complaints-resolution processes were preserved for more serious complaints including the application of the criminal law and review of employment suitability. This review of Professional Standards within the AFP was tabled in the Federal Parliament in December 2003.

The AFP began implementing aspects of the new managerial model that did not require legislative amendment. Managerial resolutions to minor matters (such as conciliations) were encouraged where possible.

The heightened security environment impacted on Professional Standards. Security clearance services required more recruits, APS staff and other law enforcement agency staff seconded to the IDG. Increases in security levels stemming from the AFP's enhanced focus on counter-terrorism activities were required.

A breakdown of security clearance services carried out is in Tables 17, 18 and 19 in the Appendixes.

Detailed information on complaints, allegations, resulting investigation outcomes, action taken against employees, and the Prohibited Drug Testing Program are in Tables 15 and 16 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 1999*. Breaches can result in disciplinary action against an employee. Fifteen formal investigations began into suspected breaches of the Code and one person's employment was terminated as a result.

Breaches related primarily to:

- improper use of the Internet;
- private behaviour of employees;
- harassment or bullying;
- fraud; and
- misuse of drugs or alcohol.

## AFP Chaplaincy

The AFP expanded its Chaplaincy network from one full-time chaplain to two full-time, one part-time and one sessional. With the induction of a Muslim chaplain, the network was multi-denominational and multi-faith. The Chaplaincy worked closely with the EA&PS to provide a full suite of support services to AFP staff and their families. The Chaplaincy also assisted members of the community from time to time, supporting those affected by crime.



## Legal

AFP Legal Services continued to provide and manage legal services. Demand remained high, increasing in volume and complexity commensurate with expanding AFP activities and responsibilities. Additional challenges arose in connection with operational AFP activities, enabling support functions and in supporting AFP involvement in the Solomon Islands and planning for PNG missions.

AFP lawyers assisted in managing legal and governance issues arising from the APS integration. Additional input was required on anti-terrorist legislative initiatives. The expansion of the AFP's offshore operational activities to the Solomon Islands, PNG and beyond, and the impending deployment to PNG generated significant new legal work, including input to international legal arrangements underpinning overseas deployments, international commercial agreements, the development of governance arrangements to facilitate the deployment of police from other jurisdictions, and provision of training to officers being deployed internationally.

Legal also advised on:

- operational activities undertaken by the AFP;
- commercial, contracting and tendering activities;
- legislation relevant to the AFP;
- employment, administration, governance, and policy issues; and
- claims and litigation involving the AFP.

Legal provided a readily-accessible group of professional legal practitioners with a comprehensive knowledge of legal issues relevant to the AFP's operational and business requirements. Legal also drew on the input of practitioners from other departments and agencies when required. This year input included attachments from the AGD and the Australian Government Solicitor.

## Financial Services

### Financial management

The audited financial statements in this annual report reflect the financial position of the AFP and the business operations of the APS. The financial statements consolidate AFP and APS business areas.

Key features included:

- A surplus of \$89.1 million, largely due to the provision of \$65 million operating funding in 2003-04 for the Enhanced Cooperation Program of policing assistance to the Royal Papua New Guinea Constabulary. Political and legal constraints prevented the AFP from deploying staff to this mission until 2004-05. The AFP agreed to return \$14.4 million to the Government and obtained approval to have a technical loss in 2004-05 of up to \$48.1 million for setup expenses relating to the previous year's appropriated revenue. The AFP banked \$9.1 million of additional funding for previous year costs associated with the Bali bombings. This was returned to cash reserves in recognition of the previous drawdown on cash and the longer term impact on the capital program.
- Table 1 in the Appendixes summarises the AFP's financial result.

The Financial Services group provides corporate support services to the AFP, including financial and asset management, budgeting and reporting, accounts processing, payroll management and services, cash management, and treasury and external statutory reporting. The group consolidated initiatives previously introduced to improve financial management and accountability including ongoing support for the AFP Finance Committee, further integration across corporate areas of the APS business function within the AFP (including revoking the status of the APS Business Operation) and the review and restructure of the corporate finance area to improve the skills level of staff and responsiveness to the operational business areas. Other significant contributions included:

- reviewing and restructuring finance and commercial functions nationally across the AFP in line with the introduction of a functional approach to business delivery. Review objectives were to provide an efficient, cost effective service delivered in a nationally consistent manner. The

outcomes provided staff in these areas with increased career and learning paths and an overall increase in the level of skills available to support the business;

- re-locating the corporate processing areas of the APS and the AFP. This represented a substantial step in the integration and facilitated a better understanding of each area's requirements and processes. This would be followed by the integration of management, systems and policy/procedures over the following 12 to 18 months;
- providing substantial support, by the finance and other business areas, to the establishment and ongoing management of the RAMSI. This included significant cost analysis, ongoing budget management, financial monitoring, and reporting; and
- making ongoing business process improvements, focussing on leveraging the technology available in corporate systems to improve business outcomes. Additional on-line financial reporting provided timely information to AFP management and created a more efficient process. The delivery of web-based employee self services would provide the foundation for other business improvements in the next 12 months.

The Finance area gauged the impact of the introduction of International Financial Reporting Standards (IFRS) on the AFP. A project team was managing the introduction of IFRS and a plan developed to position the AFP to meet additional reporting requirements under the new standards, including preparing an opening Statement of Financial Position at 1 July 2004.

The APS Financial Services Section provided centralised accounts payable and accounts receivable functions for the APS to support its business processes and coordinate its budget program. Financial Services is divided into commercial and budget appropriation activities. The APS received an appropriation for the Advanced First-Response, Air Security Officer, Explosive Detection Canine, and Solomon Islands deployment programs, representing approximately one-third of its revenue. As a result of integration, APS Financial Services amalgamated functional and reporting processes with the AFP.

## Asset management

The AFP continued to review asset issues. A key focus was improving the stocktake process. This resulted in a more efficient and timely process and a better outcome compared to previous stocktakes. As the AFP's asset base is internationally dispersed and located in a range of secure and top-secret locations, constant attention to managing assets is required. To ensure continual improvement a national debrief would be held focusing on further enhancements.

The Finance area issued a practical guide on asset management of laptop computers and related portable data and security devices. The guide further informed staff of their asset management responsibilities from acquisition to disposal.

The Finance area also worked closely with the Information Technology area to automate the capture of asset information, including for the Goods Receipting process. Other processes would be automated in the following 12 months and other areas, such as management of portable and attractive equipment, would be reviewed over the coming year.

The AFP began a scoping project to review bar coding and radio-frequency identification technologies and their possible application across business areas including assets, property exhibits, forensic, evidence collection, and records management. Project outcomes would provide a framework for using these technologies, including identification of standards, business benefits and costs.

APS Section Heads/Station Managers were responsible for controlling the public property used in managing their programs and for ensuring that assets were recorded on the national assets register. National Headquarters retained a policy oversight and coordinating role. A national annual stocktake of assets owned by sections and stations was completed by the first week of June. The stocktake included personal issue items and items borrowed and transferred from other sections and stations.

## Commercial Support

Commercial Support comprises 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

services were provided with the assistance of external providers through outsourced arrangements.

Commercial Support cooperated closely with the Australian Defence Force (ADF) to establish outsourced arrangements for providing logistics support to RAMSI. These replaced Defence assets supporting RAMSI and the contract management responsibilities were to formally transfer to the AFP on 24 July 2004. Commercial Support worked closely with external service providers to provide essential services such as transport and freight, uniforms, stationery, stores, and accommodation in support of deployments overseas.

The APS completed joint tasks and tenders with the AFP for accommodation and services.

Commercial Support completed a number of strategic accommodation planning and building works, including:

- a strategic review of AFP's longer-term accommodation arrangements in the ACT;
- a master-planning exercise for specialist functions to be accommodated at the Wangirrali Ngurrumbai Centre at Majura;
- establishment of the Australian High Tech Crime Centre within National Headquarters and conduct of other building works to reflect the AFP's new Functional Model;
- initiatives to increase physical and electronic security to AFP sites nationally;
- establishment of a back-up disaster recovery site for the computer operations centre; and
- refurbishment of AFP offices including Brisbane, Brisbane Airport, Cairns, Melbourne, Perth, and the Yarralumla Water Police Station.

In the 2004–2005 Budget the Government announced the AFP would relocate Headquarters to Anzac Park West.



In line with energy conservation strategies, the AFP undertook energy usage audits across a number of major sites. Energy-saving measures were identified and were to be investigated further to determine cost effectiveness.

## Criminal Records Unit

The AFP's Criminal Records Unit is responsible for receiving and processing court outcomes contributed by Commonwealth law-enforcement and regulatory agencies. Court outcomes are also received through the AFP's policing role in the ACT.

These records are compiled and disseminated to Australian law-enforcement agencies for authorised purposes, in conformity with the AFP duties and functions. To enhance public safety, this area provided criminal record information for non-criminal purposes to agencies, corporations and individuals with the knowledge and consent of the individual. This allowed employers to make informed decisions about potential employees.

The heightened security environment increased the demand for criminal record-checking services. The AFP conducted more than 320,000 national name checks, compared with around 260,000 in 2002-03.

The AFP was developing a new IT platform for criminal records in line with the new national criminal history records checking initiative being implemented with CrimTrac and State jurisdictions. The platform would improve service delivery and capacity. The new portfolio was expected to be rolled out in the first quarter of financial year 2004-2005. The infrastructure change would allow for more automated internal processes and facilitate information exchange as part of the AFP's border protection and counter-terrorism roles.

The AFP worked with others to deliver the Government's desired outcome of enhanced aviation security. The AFP continued to work with stakeholders and partners to realise improvements and reduce dissemination times associated with information disclosure services to the aviation sector and other clients.

## Purchasing

The Commissioner's Financial Instructions and the AFP's National Guideline on Procurement, Commercialisation and Contracting and associated Practical Guides, ensure AFP purchasing processes

comply with Commonwealth Procurement Guidelines, in particular obtaining value for money and ensuring probity.

Tender documents and the AFP's procurement processes continued to be reviewed to ensure they reflected best practice in relation to confidentiality, transparency and privacy and Commonwealth Procurement Guidelines.

## Information Services

Creation of the Information Services (IS) portfolio and Chief Information Officer (CIO) position under the AFP Functional Model provided new opportunities for improvements to Information Services business processes and other initiatives.

The creation of the CIO position reflected the operational needs of the AFP as an information and intelligence-based organisation. Revised structures for Information Management (IM) and Information technology (IT) improved alignment with the AFP functional structure and business needs.

New processes for communicating with other business areas, as well as external clients, allowed IM and IT resources to be more effectively and efficiently directed to providing services to meet current and emerging business needs.

More emphasis was placed on assisting operational business areas with information and process mapping and identifying current and future information needs. Expanded research and liaison with other departments and agencies and industry partners enhanced the ability of IM and IT to develop or procure the most effective tools for the AFP to manage information and improve organisational performance.

## Information Management

Information Management focussed on establishing revised information governance arrangements and strategies to improve the management of information across the AFP.

IM also focussed on supporting the alignment of major crime-type activities across the AFP resulting from the Functional Model implementation. Support services included reviewing information structures on the intranet, initiating a review of the Internet and developing enhanced case management reporting capabilities.



Case-management reports were redeveloped to create new functional reporting capabilities. The number of Brio report users almost tripled to 940, with a similar increase in the reports developed and their rate of use. [Brio is a data mining tool, now commercially known as Hyperion Intelligence, which is applied to a number of AFP databases to aggregate information and produce reports for a wide variety of internal uses.] Reports produced can draw data from five major corporate systems, as well as the national case management system and support investigations across all levels of operational management.

IM worked closely with operational areas and Enabling Services to develop a case for a document management strategy to improve electronic document and records management capability.

A new-look intranet was launched providing improved information presentation and accessibility and aligning material to the AFP's functional structure.

The online AFP Governance Framework was upgraded to improve access to policies, orders, guidelines, and legal instruments on the intranet.

Updated information policy and records management guidelines were issued and draft guidelines on information management, system ownership and stewardship and security classification were circulated.

The Library focussed on timely delivery of information to the desktops of AFP staff in Australia and overseas. This included supporting the AFP Intranet Online Library as a service point for open-source information and resources such as online publications, full text electronic journals, reference tools, and online information targeted at work groups and functional areas.

## Information Technology

IT delivered an extensive range of applications, data communication and telephony services to AFP operational and administrative units in Australia and overseas to position the AFP to combat criminal activity in an evolving high-tech environment. IT also provided services to external clients such as CrimTrac, the ACC, the Northern Territory Police, Fire and Emergency Service (NTPFES), Interpol, and other law enforcement agencies.

Work continued on redeveloping and updating PROMIS, the AFP's primary case management and intelligence system, using emerging technologies

such as object-orientated architecture and Enterprise Application Integration platforms. These technologies exchange data between disparate systems in support of CT operations, eg between PROMIS and the systems of partner agencies. Work continued on the technology upgrade of PROMIS. Enhanced and new PROMIS modules were developed and released. The Applications Group supported the AFP Functional Model project through project management and redeveloping modules within PROMIS, SAP, the Executive Information System (EIS), and other management reporting systems.

An enhanced version of a vehicle number plate recognition system—RAPID—developed by the Evaluation, Research and Development Team, was implemented in ACT Policing. RAPID is used by Traffic Officers and others to identify vehicles of interest in real time under most road and weather conditions. An earlier version was trialled by the Tasmanian Police and Road Traffic Authority and interest in this system was shown by other State police services.

The APS IT infrastructure was upgraded, including modifications to data network capacity and progressive migration to the Microsoft Windows XP operating system and Office XP desktop applications.

New nodes were added to the AFP Overseas Liaison Officer Network, bringing the total of overseas AFPNET nodes to 29. Work continued to enhance and expand SPLEXNet, an extranet developed by IT and partially funded by Interpol and LECP. Support was provided to other LECP initiatives in South-East Asia and the South Pacific Islands, such as cooperation with the Indonesian authorities to establish a TCC in Jakarta.



To support IDG operations, an AFPNet node was established in the Solomon Islands, providing RAMSI personnel with full use of all core AFP business applications including PROMIS, email and video conferencing. RAMSINet and other infrastructure and IT services were installed to support RAMSI operations, with in-country support provided by IT members detached to the IDG.

Rapid deployment units were designed and assembled to provide AFPNET services through satellite communications to support IDG and CT operations and training exercises in Australia and overseas. IT assisted the IDG in planning (including site visits) IT support services for operations in Papua New Guinea.

Work continued on implementing a separate national security IT network to support the AFP's increased role in counter-terrorism, following the completion in April 2003 of a pilot network connecting nominated sites in Australia.

Development of a Case Management and Intelligence System (CMIS) for the South Pacific and South-East Asia regions, as part of the LECOP, continued and was deployed in Indonesia, the Philippines, Fiji, Tonga, Samoa, and Cambodia. Other overseas law enforcement agencies, including in Columbia, Thailand, Vietnam, and the United Nations Office on Drugs and Crime, expressed interest in CMIS.



## Forensic and Technical

As part of the new functional organisation structure the AFP's Forensic and Technical areas were brought together under the National Manager Forensic and Technical, including the Australian Bomb Data Centre.

Forensic and Technical's main facilities are based in Canberra with a presence in Adelaide, Brisbane, Melbourne, Perth, and Sydney.

The Forensic Services (FS) group continued to provide services including: crime-scene specialists, fingerprints, firearms and ballistics; physical evidence/drug support (field services); biological and chemical criminalistics; document examination (laboratory services); audio/video enhancement; computer forensic; and forensic imaging (electronic evidence). Technical Operations includes the Police Technical Teams (PTT), Telecommunications Interception Division (TID), Telecommunications Interception Electronic Surveillance (TIES), and Technical Support. The ABDC includes a range of technical and intelligence support functions.

Forensic Services provided specialist technical and scientific support to ACT, national and International investigations, operations and support activities.

The flow-on from the Bali bombings investigation involved significant ongoing commitment in the early part of the year as did deployments overseas in support of the AFP's work with overseas law enforcement agencies in combating terrorism and drug-related crime (including operations with RAMSI).

The environment significantly increased demands on forensic and technical areas. New and emerging areas such as computer forensics challenged the AFP to meet the equipment, facility, training, and human resource needs for the future.

Forensic and Technical gained significant support internally from the Science and Technology Steering Committee (STSC) and through government funding for new policy initiatives. Major upgrades of equipment were made across Forensic and Technical including the installation of an isotope ratio mass spectrometer, a capillary electrophoresis mass spectrometer and a significant enhancement of computer forensic equipment.

## Forensic Operations Support

In the second half of 2003, discipline areas across Forensic Services (FS) were externally assessed by National Association of Testing Authorities (NATA) against ISO 17025 laboratory accreditation requirements. A small number of issues were raised and addressed. Laboratory accreditation against ISO 17025 was granted by NATA for an additional two years (until the next external assessment due in 2005).

A separate external audit undertaken by KPMG was completed in the first half of 2004. The audit found that FS operations were subject to a sound application of ISO 17025 requirements and that the Commissioner could rely on FS's quality assurance system for areas covered by the laboratory accreditation program. These areas included forensic chemistry, forensic biology, firearms, document examination, fingerprints, and crime scene examination.

With new measure funding the FS research and development program continued to expand in collaboration with industry and academic partners. FS was actively involved in supporting the National Institute of Forensic Science (NIFS) pilot project which aims to improve monitoring and detection capabilities and minimise the criminal use of explosives in Australia. This included investigating field-portable technologies for pre- and post-blast detection of explosive residues.

FS implemented a performance reporting framework with reports generated and circulated quarterly and an annual report produced at the end of each financial year.

## Forensic Operations

The major focus of Forensic Operations in the first half of the year was recovery from the impact of the Bali bombings. This involved significant work to address casework backlogs in parallel with the development and enhancement of response capabilities. FS was involved in new initiatives at Commonwealth plus State and Territory levels, particularly in terms of research and development in counter-terrorism.

Efforts continued to integrate Computer Forensic with FS and significant progress made in establishing uniform standards of equipment, training and procedures.

A structured Disaster Victim Identification (DVI) response capability was being developed and the AFP was represented at a national level in relation to DVI response with responsibility for coordinating Australian DVI response offshore.

FS enhanced its already sophisticated mobile response capability enabling the deployment of vehicle-based or modular laboratory and field forensic examination assets into the field in Australia and overseas.

FS continued to develop capabilities to engage in the forensic investigation of Chemical, Biological and Radiological (CBR) threats.

FS was increasingly involved in capacity-building projects internationally in relation to terrorist threats and regional assistance initiatives in the Pacific, including capacity-building projects for the Solomon Islands and PNG and facilitating a strategic vision for developing a sustainable forensic capacity in the region. Initiatives in Asia included establishing a fingerprint-enhancement laboratory in Jakarta and contributing to the development of the JCLEC (including the inaugural training program). Other activities included a capacity-building project scoping study in the Philippines.

The requirement for international deployment of FS assets increased significantly. Operational deployments included assisting the INP with forensic investigation and DVI requirements of the Marriott Hotel Bombing in Jakarta, assisting the Philippines Police in relation to three bombings in Davao, the forensic investigation of two murders in Vanuatu, and computer forensic examinations in Malaysia and Fiji. In addition FS personnel were deployed to the Solomon Islands. Plans were underway for deployment to PNG.

FS supported criminal investigations in the ACT across all areas of forensic analysis.

## Forensic drug support

The AFP contracts routine drug analysis to the Australian Government Analytical Laboratories (AGAL) and manages this relationship through a Service Level Agreement. Initial forensic examination of drug seizures is the responsibility of the AFP's physical evidence examiners.

In addition to routine analysis which confirms the identity and quantity of an alleged illicit drug, a program was in place to develop drug intelligence through the physical and chemical analysis of the seizure and illicit drugs. The program, the Australian Illicit Drug Intelligence Program (AIDIP), received additional funding of \$4.72 million over four years in 2003 to include cocaine, ATS and heroin.

Significant progress was made in the chemical analysis of all three drug types with analytical programs in place for heroin and cocaine and with ATS methodology under development.

The AFP contributed to the development the National ATS logo collection program (managed by Victoria Police) by providing image capture systems to participating laboratories.

The AFP also contributed to a major international effort to share and exchange forensic drug intelligence.

## Technical Operations

### Police Technical Teams

The Police Technical Teams are responsible for conducting covert technical operations to support investigations in Australia and overseas.

The PTT conducted technical operations for counter-terrorism investigations in Australia and throughout South-East Asia (in support of home police services) for drug trafficking and people smuggling and assisted security in sensitive areas during periods of high threat. The PTT also provided advice, training and equipment to the AFP's law enforcement partners overseas through the LECF.

### Telecommunications Interception Division

The management of Australian law enforcement telecommunications interception is the responsibility of the AFP through the Telephone Interception Division (TID). TID enables warrants to be issued to declared agencies and the AFP, pursuant to the provisions of the *Telecommunications (Interception) Act 1979*.

In 2000 the Minister for Justice and Customs agreed to have the provisions of the *Telecommunications (Interception) Legislation Amendment Bill 2000*, which provided for Named Person Warrants and other matters, reviewed within three years of effect.

In 2003 Mr Tom Sherman was engaged to conduct this review. His report was tabled on 26 November 2003. Mr Sherman found no evidence of overuse of telecommunications interception and concluded that, without Named Persons Warrants, telecommunications interceptions would have been less effective in recent years.

Interception continued to be a significant investigative and flexible tool used by the AFP to

investigate such matters as drug trafficking, sexual servitude, murder, and major fraud.

### Technical Support

Technical Support manages the AFP's mobile radio communications systems and taped records of interview systems throughout Australia. It also manages projects to develop specialised equipment and systems for use by AFP investigators.

New equipment to enable the gathering of high-quality audio product was developed.

New and upgraded equipment was provided to enable investigators to more easily determine the location of targets of their operations.

New equipment and systems were delivered to operational areas. Support was provided to the IDG and RAMSI for coordinating and providing radio communications equipment.

A study to scope the upgrade requirements of the radio communications systems in Port Moresby to satisfy the requirements of the Royal Papua New Guinea Constabulary and the expected AFP contingent was completed.

The E-Sec Project Team hosted the annual (Computer) Forensic Hardware Investigators Conference in Sydney. The conference was attended by representatives from the FBI, RCMP, NNFI, Federal Office for IT Security (BSI—Germany), and the NTAC (UK).

### Telecommunications Interception and Electronic Surveillance

The Telecommunications Interception and Electronic Surveillance (TIES) project develops systems and manages projects for the delivery and monitoring of technical surveillance product. Its main focus is the development of an integrated Electronic Surveillance system specification.

TIES advised specialist groups in the AFP and other law-enforcement and Government agencies on electronic surveillance technologies. Project officers also participated in developing specifications for joint agency electronic surveillance projects.

## Engineering

Technical Operations liaises with Australian Government and State law enforcement and security agencies on technical development and engineering standards and contracts on behalf of the AFP and Australian law enforcement agencies. The Australian telecommunications industry continued to rapidly expand and diversify. Interception of telecommunications services under warrant continued to be one of the most challenging, effective and intrusive forms of electronic surveillance, demanding adherence to the highest standards of audit and accountability.

Technical Operations participated in five national committees and meetings that meet regularly to oversee and regulate IT activities:

- the National Telecommunications Interception Conference, an annual event covering broad policy, legislative, technical, operational, and telecommunications industry issues;
- the Inter-Agency Technical Group (chaired by Technical Operations), the technical subcommittee of the National Telecommunications Interception Conference;
- the Law Enforcement Advisory Committee, chaired by the Australian Communications Authority (a broad industry-agency interface covering the whole range of assistance to agencies from carriers, etc.);
- the Interception Consultative Committee, chaired by the AGD, the regulatory interface between industry and agencies relating to the interception obligations on carriers, carriage service providers and Internet service providers; and
- the Special Networks Committee, chaired by ASIO, manages contracts and MOUs between agencies and carriers that arise out of Interception Consultative Committee considerations relating to interception capabilities.

Technical Operations assessed statements of compliance with interception obligations from telecommunication carriers and contributed to developing national and international requirements and standards for interception by law enforcement agencies.

The AFP worked with ASIO and the ACC to develop new capabilities to intercept telecommunications services including:

- new Internet monitoring capabilities within the AFP's telecommunications interception monitoring system;
- support for one full monitoring team within the TID; and
- several new contracts with carriers and Internet service providers, putting in place a range of new interception capabilities.

## Australian Bomb Data Centre

The Australian Bomb Data Centre's core function is to collect and disseminate data on unlawful use of explosives. 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 2003-2004. This included deploying ABDC members to Jakarta to help investigate the Marriott Hotel bombing. The ABDC also provided a model and framework to the Royal Malaysian Police to enhance the capability of its bomb data centre. Liaison with the PNP culminated in an exchange mentoring program with the ABDC, planned for July 2004. The ABDC worked with a number of countries to assist them to establish equivalent centres.

The ABDC released 96 reports, an increase on the previous year. Requests for information also increased.

The ABDC increased specialist training. More than 100 days were dedicated to training 878 participants on a range of pre- and post-blast techniques. The demand for internal training also increased significantly. The ABDC was involved in major multi-jurisdictional exercises such as MJEX Mercury 04 and Bold Endeavour. These exercises gave the ABDC an opportunity to test its responses and validate its role with the National Counter Terrorism Plan.

Technical intelligence remained key to dealing with and preventing the unlawful use of explosives. The ABDC Intelligence Team refined and simplified reporting procedures and continued to liaise with Australian police jurisdictions. Management of reported and collected information was improved through the ongoing development of the ABDC secure computer network.

As part of an ongoing program with the ADF, the ABDC engaged two ADF members in Defence technical liaison, training exercises and trial and evaluation.

To further increase collaboration and liaison the ABDC held its 12th annual conference in Canberra (December 2003). The conference attracted international experts from the United Kingdom, Northern Ireland, Dubai, Canada, United States of America, the Philippines, Hong Kong, Singapore, Malaysia, India, Indonesia, and New Zealand.

ABDC also worked closely with FS in operational activities and in research and development.

# CHAPTER 4



GOVERNANCE AND ACCOUNTABILITY

## Governance and accountability

### Internal Audit

Internal Audit reports administratively to the Chief Operating Officer and functionally to the Security and Audit Team (SAT). Internal Audit provided secretariat services to the SAT and the ANAO.

The Internal Audit Program for 2003-04 was approved in August 2003 after SAT had reviewed progress against the approved Strategic Audit Plan for 2002-05. Audit subjects for 2004-05 and 2005-06 were identified with a view to establishing a three-year rolling program.

SAT membership included an independent member for the first time and a second independent member invited to join during 2004-05. SAT also considered changes to its charter, Internal Audit's charter and the Audit Protocol.

Table 9 in the Appendixes summarise the audits and significant projects completed by Internal Audit. Internal Audit provided SAT with 23 audit reports. Another 10 audits were underway and several more in planning. SAT follows up on the implementation of agreed recommendations from previous internal audit reports and implements ANAO recommendations to AFP business.

Consultants produced 14 of the 23 audit reports. Consultants were engaged under a standing deed of offer that would expire on 30 June 2005. The market would be retested during 2004-05 for the provision of these services.

Significant internal audits conducted included:

- Avian Operations of Mobile Drug Strike Teams, found to be operating effectively, efficiently, ethically, and in accordance with the Government's funding approval;
- South Pacific Offices in the International Network were found to be effective and the Manager advised that the Network was improving business planning and reporting as a consequence of the report; and
- post-implementation reviews of the Air Security Officer Program, which contributed significantly to ongoing risk management.

SAT continued to require audits of the systems for handling and recording seized drugs and property.



The audits did not reveal loss of drugs or property. Revised internal guidelines for drugs and property management were implemented and work began on improving electronic recording systems.

### APS Quality Management Team

The APS Quality Management Team conducted 62 Quality Management System (QMS) audits of APS Stations and National Headquarters enabling support functions in the period. The QMS program measures performance to encourage continual improvement of its services to clients. The APS QMS is accredited, meeting the requirements of the International Standard AS/NZS ISO 9001:2000.

The APS is independently audited by Lloyds Register Quality Assurance (LRQA). LRQA renewed the APS's accreditation in December 2003, stating that "the quality management system of the Australian Protective Service has shown considerable improvement and continues to meet the requirements of ISO 9001:2000".

In August 2003 KPMG released a report on the *Application of the Quality Management System across the Australian Protective Service*. This report was produced as part of the AFP Internal Audit Program. Overall the audit found that the APS QMS effectively promoted compliance with APS policies and procedures. The operations of the APS were found to be subject to sound application of the quality standard. A similar report with a similar result was provided by KPMG—on the QMS in place at AFP Forensic Services.

The APS Quality Management Team was put in charge of promoting risk management within the Protection Portfolio.



## Risk management

A workshop involving selected General Managers and Directors was conducted in July 2003 to progress examination of the AFP's strategic risks.

The workshop analysed the adequacy of current risk-management treatments, identified new treatment strategies and developed a timetable for implementation.

## Insurance

Starting in 2002–03 the AFP reviewed the adequacy of its general insurance and worker's compensation coverage. Completed in August 2003 the review recommended improving the AFP's position as a purchaser of insurance services and ensuring it had sufficient knowledge to maximise the cost effectiveness of its insurance cover while minimising exposure to risk.

Recommendations were also made on consolidating APS activities into AFP arrangements and reviewing insurance arrangements and indemnities that might pertain to the ACT Government. The AFP also participated in Comcover's risk management benchmarking exercise for 2004.

## Auditor-General Reports

The ANAO audited the AFP's financial statements and performance measures relating to the AFP's Community Policing contract with the ACT Government.

The Auditor-General did not include the AFP as a primary subject of any report tabled in the Parliament. However the AFP was included in cross-agency reports, namely:

- #3—Management of Risk and Insurance;
- #5 and #31—The Senate Order for Department and Agency Contracts (Autumn 2003 Report, and *Financial Year 2002-2003 Report*);
- #57—Administration of Freedom of Information Requests; and
- #58—Control Structures as part of the *Audit of Financial Statements of Major Australian Government Entities for the Year Ending 30 June 2004*.

Report #58 set out four issues of moderate control risk within the AFP, including three prior year issues.

The AFP accepted the ANAO's issues and began implementing recommendations in addition to other independently initiated actions, particularly in the area of asset management.

Further the ANAO involved the AFP in its activities via audits or surveys related to the following cross-agency reports:

- #14—Survey of Fraud Control Arrangements in APS Agencies;
- #20—Aid to East Timor;
- #22—Financial Statements of Australian Government Entities for period ended 30 June 2003;
- #24—Agency Management of Special Accounts;
- #25—Intellectual Property Policies and Practices in Commonwealth Agencies; and
- #35—Compensation Payments and Debt Relief in Special Circumstances.

Report #53—The Implementation of CrimTrac, the ANAO obtained formal comments from the AFP as one of several key stakeholders in CrimTrac.

## Fraud Control and Anti-Corruption Plan

Under the Commonwealth Fraud Control Guidelines the AFP has a Fraud Control and Anti-Corruption Plan (FC&AC Plan). The Plan was extended to 30 June 2004 to deal with the shift to the Functional Model structure.

Almost 100 per cent of action items were fully implemented.

Progress reporting and updates on implementation were provided to the SAT, the agency Audit Committee in the context of the *Financial Management and Accountability Act 1997*.

The AFP submitted data on fraud and fraud control activities to the Attorney General's Department in October 2003 for the *Annual Report on Fraud Control* to the Minister for Justice and Customs.

During the currency of the FC&AC Plan, a sample of completed action items was inspected as an added layer of accountability. Results of this spot audit indicated a high level of compliance.

The 2004–2006 iteration of the Fraud Control & Anti-Corruption Plan was to be based on an AFP and APS fraud and corruption risk assessment. The development of this risk assessment began, focussing more on functional lines and less on geo-specific lines. Projections of organisational fraud and corruptions risks were to be incorporated into future FC&AC plans to ensure relevance. This was based on environmental scanning and an array of predictive data and strategies.

## Commissioner's Declaration

In accordance with Guideline 1.9 and 2.8 of the Commonwealth Fraud Control Guidelines the AFP Commissioner certified he was satisfied there were in place appropriate fraud prevention, detection, investigation, reporting, and data collection procedures and processes to meet AFP needs and comply with the Commonwealth Fraud Control Guidelines.

## External scrutiny

### Judicial Decisions/ Administrative Tribunal Decisions Impacting on Operations

Like other public-sector organisations AFP and APS operations and the actions of members are occasionally affected (directly or otherwise) by judicial or administrative decisions. Implications for the AFP and APS in a given case are assessed by the Legal Team which may seek further specialist advice as required. Adjustments to operating procedures or the conduct of members arising from assessments are promulgated throughout the AFP and APS in the most appropriate way—written advice, publication of a directive/guideline or the making of a Commissioner's Order. There were no decisions of significant national impact on AFP and APS operations or policy. There were no judicial decisions or decisions of administrative tribunals that impacted or might have impacted on the operations of the APS or the AFP.

The AFP appeared before Estimates Hearings and Parliamentary Committees on the dates listed:

### Estimates Hearings—Senate Legal and Constitutional Legislation Committee

#### 3 November 2003

Consideration of Supplementary Estimates

#### 25 November 2003

Consideration of Supplementary Estimates

#### 16 February 2004

Consideration of Additional Estimates

#### 25 May 2004

Budget Estimates

## Other Parliamentary Committees of Inquiry

**21 July 2003**—Joint Committee on the Australian Crime Commission—Inquiry into Cybercrime

**23 July 2003**—Legal and Constitutional Legislation Committee—*Australian Protective Service Amendment Bill 2003*

**4 September 2003**—Joint Committee of Public Accounts and Audit—Review of Aviation Security in Australia

**15 September 2003**—Joint Committee on Treaties—Agreement on the operations and status of personnel deployed to Solomon Islands

**24 September 2003**—Senate Legal and Constitutional Legislation Committee—Australian Protective Service Amendment Bill 2003

**17 October 2003**—Joint Committee of Public Accounts and Audit—Management and integrity of electronic information in the Commonwealth

**27 October 2003**—Joint Committee on ASIO, ASIS and DSD—Private Inquiry into the provisions of the *Intelligence Services Amendment Bill 2003* (in camera)

**28 November 2003**—Senate Foreign Affairs, Defence and Trade Committee—Inquiry into Security Threats to Australians in South East Asia

**26 February 2004**—Parliamentary Joint Committee on the Australian Crime Commission—Inquiry into Trafficking in Women for Sexual Servitude

**8 March 2004**—Senate Legal and Constitutional Committee: Inquiry into the Australian Federal Police and Other Legislation Bill 2003

**8 March 2004**—Joint Standing Committee on Foreign Affairs, Defence and Trade: Watching Brief on the War on Terrorism

**22 March 2004**—Senate Legal and Constitutional Committee: Inquiry into the provisions of the Telecommunications (Interception) Amendment Bill 2004

**30 April 2004**—Senate Legal and Constitutional Committee—Inquiry into the Anti-Terrorism Bill 2004

**10 May 2004**—Senate Legal and Constitutional Legislation Committee—Inquiry into the Surveillance Devices Bill 2004

## 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 and integrity issues 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*.

### *Type (i) activities*

There were two reports from the Commonwealth Ombudsman. The office investigated aspects of the AFP's administration of the NWPP that had come under criticism in a matter before a court. The concern was that the AFP had sought to mislead the court in order to secure an adjournment for the prosecution. The AFP had chosen to protect the identity and location of a protected witness. The report found there was no evidence to support the contention that the witness, or the AFP, was attempting to avoid an appearance before the court and the AFP did not mislead the court about the health of the witness. The report to the AFP recommended several changes to NWPP procedures to accommodate the needs of the court and to ensure a witness's assumed identity (consistent with the *Witness Protection Act 1994*) was not compromised.

The second report dealt with the complaints of Gary Lee-Rogers. Mr Lee-Rogers had complained that the AFP and the APS (his employer) conspired to bring false charges against him. Mr Lee-Rogers alleged the

charges were payback for being a whistle-blower. Before the scheduled court trial in 2002 Mr Lee-Rogers was found dead in his flat. In the week before his death Mr Lee-Rogers alleged that an AFP officer had assaulted him. The officer was to be the main police witness for the prosecution. The Ombudsman's investigation found no evidence to support Mr Lee-Rogers' allegations. The NSW State Coroner began inquiring into the death.

### *Type (ii) activities*

Under the *Telecommunications (Interception) Act 1979*, the Commonwealth Ombudsman is required to inspect AFP records twice a year to ascertain the extent to which AFP members complied with the record-keeping sections of the Act, namely, sections 79, 80 and 81.

AFP records for 1 July to 31 December 2003 were inspected by Ombudsman inspectors between 16 and 17 February and 19 and 25 February 2004 in Canberra and between 2 and 3 March in Melbourne. The inspectors determined that the AFP complied with the provisions of sections 80 (record-keeping provisions with respect to the issue of warrants) and 81A (accuracy of entries in the General Register of Warrants) of the Act. The inspectors determined that the AFP did not fully comply with the provisions of sections 79, 81 and 81C. The Ombudsman made six recommendations which were implemented.

To improve the quality of AFP records and reports a two-day workshop was held in Canberra (August 2003) for the interstate Special Projects Registrars. Officers from the AGD and the Commonwealth Ombudsman's Office delivered training sessions. Members of the AFP's Telecommunications Interception Division, AGD and the Commonwealth Ombudsman's Office also delivered training to federal agents in Melbourne, Sydney, Adelaide and Perth.

### *Type (iii) activities*

The Commonwealth Ombudsman's Office inspected AFP records under the *Crimes Act 1914* and the *Measures to Combat Serious Crime Act 2001* on 30 March 2004, reviewing documents for the 2003–04 financial year. The AFP was waiting for the report and possible recommendations.

## Consultancy services

### Competitive tendering and contracting

Work continued on ensuring delivery of services in accordance with the core procurement principle of value-for-money.

Recommendations from a report on outsourced arrangements for Records Management Services were implemented, resulting in the AFP exercising its option to extend its outsourcing contract.

The AFP conducted competitive tendering processes for goods and services including:

- tape transcription services;
- construction of boats for Solomon Islands; and
- referred accommodation (hotels and apartments).

### Consultancy services

The AFP let 21 consultancy service contracts, totalling \$1,004,986.59. Included were:

- development of electronic records and document management strategy;
- review of the service delivery model for Records Management Services;
- review of the adequacy of the AFP's general insurance and workers' compensation coverage;
- long-term strategic accommodation planning for the AFP in the ACT; and
- development of a master plan for the Wanggirrali Ngurrumbai Centre at Majura.

Details on consultancy services provided to the AFP are on [www.afp.gov.au](http://www.afp.gov.au) under Government and Corporate, then Information Access.

### Advertising and market research

During the reporting period, the AFP spent \$146,720.99 with market research organisations and media advertising organisations. Details are provided at Table 22 in the Appendixes.



## Freedom of Information

The AFP Freedom of Information (FOI) Team facilitates public access to AFP documents, consistent with the provisions of the *Freedom of Information Act 1982* (the FOI Act). Under section 23 of the Act, the Leader of the FOI Team has authorisation to make decisions under the Act.

The AFP received 142 requests compared with 126 in 2002-03. FOI requests generally seek access to information concerning past or present AFP investigations, sometimes involving many hundreds of pages of documents. These documents require careful and resource-intensive examination of contents to respect the right of access by applicants without unduly prejudicing personal privacy considerations or the AFP's law enforcement activities.

The AFP was one of six agencies audited by the ANAO on its administration of FOI requests. The report found that AFP practices complied with the requirements of the FOI Act and that correspondence to applicants was generally consistent with best practice.

Following the ANAO audit, the Commonwealth Ombudsman advised he would conduct an 'own motion' investigation into the quality of agency processing of requests made under the FOI Act. The AFP (the subject of the 1999 Report by the Commonwealth Ombudsman) was again chosen to be audited. The audit continued.

The AFP and the APS submitted quarterly and annual returns under the FOI Act for the Attorney-General's report to Parliament under section 93. Detailed information about FOI procedures is in Tables 23, 24 and 25 in the Appendixes. Information on making FOI requests to the AFP are on [www.afp.gov.au](http://www.afp.gov.au)

The National Manager Protection has decision-making responsibility for the APS, pursuant to

section 23 of the FOI Act. 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.

## Commonwealth Disability Strategy

The AFP recognises the need to continue to move towards a diverse flexible workforce to enable an effective partnership between the police service and community.

The AFP Disability Program and Strategy 2003–2006 aims to enhance diversity, ensure compliance and provide support mechanisms for a shared success in delivering an effective police service to the community.

The AFP encourages enabling services to consider employment opportunities for people from diverse backgrounds including people 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 focus is on employment opportunities for people with disabilities in non-operational roles.

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.

## Ecologically sustainable development and environment performance

The AFP continued to implement policies to reduce its impact on the environment. Where possible, solutions were sought that: ensured energy savings were achieved; resulted in a high rate of return for money invested; minimised additional maintenance costs; and did not compromise member comfort.

The AFP continued to develop proposals for the Wanggirrali Ngurrumbai Centre (an AFP firing range and training facility at Majura, Canberra) and the Australian Institute of Police Management which incorporates environmentally sustainable practices

and allows for environmental and security (power and data backup) self-sufficiency.

Water and energy management were key issues in planning building works at the Wanggirrali Ngurrumbai Centre. The proposed facilities were to integrate sustainable design principles, providing maximum long-term benefit to the AFP. Proposed design principles for the current building works program, which were to reduce running costs, included: 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 participated in office paper-recycling programs. The AFP photographic unit at Weston undertook silver recovery procedures and removed spent photographic processing chemicals from AFP premises using the services of commercial waste disposal contractors responsible for complying with industry standards. Chemical and biological waste from Forensic Services was also removed.

The major components of the AFP's Environmental Crime-Management Strategy are biodiversity conservation, heritage protection, and air, land and water pollution.

The AFP investigates environmental crime and successful prosecutions are publicised as a deterrent to potential offences. Summary details of AFP environmental crime investigations are in Chapter 2, Environmental crime. Significant investigational achievements are also listed.

Where possible, the APS continued to implement policies to reduce its impact on the environment. Measures were restricted due to the contractual arrangements of leases and the condition and age of some buildings. Measures undertaken included pursuing energy savings and recycling and minimising additional maintenance costs. During 2004–05 increased resources were to be allocated for further energy savings and for measures to responsibly dispose of superseded equipment.



# CHAPTER 5



AFP ANNUAL REPORT 2003–2004



## Outcome 2—community policing focus

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

*In partnership with the community, create a safer and more secure Australian Capital Territory through the provision of quality police service*

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 the ACT Minister for Police, Emergency Services and Corrections.

The arrangement covers the terms and conditions under which policing services are provided to the ACT Government over a five-year period to 2005.

The main features 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 continued to monitor value for money in providing police services to the ACT. The agreement contains a comprehensive statement of the services provided by the AFP, a single key outcome and four major outputs with 37 performance measures and targets. These measures and targets are publicly reported to the ACT Legislative Assembly each year and form the basis for ACT Policing Annual Reports.

With the five-year policing arrangement to expire in 2005, a joint study of policing in the Territory was planned by the AFP and the ACT Government. This study would contribute to the development of the next policing arrangement between the Australian Government and ACT Government.

A detailed report of AFP activities and outputs in relation to each outcome is in the *ACT Policing Annual Report 2003-04*, to be tabled in the ACT Legislative Assembly. Reports are available from the ACT Policing Media and Marketing Team by phoning (02) 6256 7750 or visiting the AFP web site.



# APPENDIXES



AFP ANNUAL REPORT 2003–2004

## Performance Measures—Outcome 1

Table 1—Financial Result 2003-04

Budgeted revenue (\$m)	Actual revenue (\$m)	Actual expenses (\$m)	Variance (\$m)
670.828	670.440	596.451	73.989

Footnote: Variance in actual revenue vs actual expense was predominantly due to the delay in PNG Deployment.

Table 2—Outcome 1: Staff Years Consumed 2002-04

Outcome 1 staffing	2003-04	2002-03
Staff years consumed in Outcome 1	2014.2	1,788.8

Source: Enterprise Information System (EIS) Pay 1 to 26, 2003-04. Counting rules apply. These figures do not include Enabling Services.

Table 3—Output 1.1: Drug seizures, Federal Agencies<sup>6</sup>

Type of drug	2003-04			2002-03	
	No. of Drugs Seized	Weight grams	No. of Drugs Seized	Weight grams	
<b>MDMA</b>	283	807299	334	899854	
<b>Amphetamine Other</b>	130	153559	141	458918	
<b>Cannabis</b>	652	653615	611	39771	
<b>Cannabis Resin</b>	140	4572	229	1619	
<b>Cocaine</b>	703	119031	496	65974	
<b>Hallucinogens</b>	12	1252	30	12	
<b>Heroin</b>	112	67885	129	316322	
<b>Precursor</b>	16	39818	15	44182	
<b>Other</b>	279	27623	175	110097	
<b>No Prohibited Substance Detected</b>	162	62580	282	192725	

<sup>6</sup> The figures are correct to 28 July 2004 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. During the 2002-03 reporting period the methodology for counting parcel post items changed. Prior to this reporting period every mail item was counted as a separate seizure. The new method aggregates all mail items of the same drug type. This effectively decreases the number of seizures and may vary from those previously reported. Seizures by 'federal agencies' include those made by the AFP, Australian Customs Service and the Joint Asian Crime Group where the drugs have been held in AFP custody.

Source: PROMIS as at 30 June 2004

Table 4—Output 1.1: Criminal investigations: new cases 2002-04

Criminal Investigations	2003-04	2002-03
Drugs - Imported	536	580
Drugs - Exported	4	3
Drugs - Trafficked	19	31
Fraud	177	210
Corporate and bankruptcy	28	33
Electronic and telecommunications	116	110
Money laundering and FTRA	333	400
Counterfeit currency	24	27
Environmental	19	18
Corruption	26	29
Multiple voting	0	3
General crime	423	578
People smuggling	17	29
War crimes	0	2
Transnational economic	4	4
Intellectual property	22	15
Civil proceeds	31	6
Terrorism	102	148
Transnational Sexual Servitude	65	22
Transnational Child Sex Tourism	37	36
Missing person	94	91
Identity fraud	12	3
Subtotal	2,089	2,378
<b>Liaison and Assistance</b>		
Agency liaison and assistance	369	703
Agency liaison and assistance - search warrants	227	142
Agency liaison and assistance - operational assistance	112	182
Agency liaison and assistance - forensic	51	81
Agency liaison and assistance - outposting	26	21
Subtotal	785	1,129
Family Law Orders	796	810
<b>Total</b>	<b>3,670</b>	<b>4,317</b>

Source: PROMIS as at 6 July 2004

Table 5—Output 1.1: External Territories: Number of Offences Reported 2002-04

**Annual Report – Offences**

Offences 2003 - 2004	Indian Ocean Territories (CI / CKI)	Jervis Bay	Norfolk Island
Arson	0	0	0
Assault	14	3	6
Breach of restraint	4	0	4
Burglary	15	3	0
Drugs (Possess)	8	0	2
Fraud	1	0	1
Graffiti	5	0	0
Property damage	39	8	15
Sexual assault	1	0	0
Stolen M/V	3	5	4
Street offence	7	0	4
Theft	28	16	32
Interfere electrical supply	0	0	19
Motor vehicle accidents	0	0	39
Fatal Vehicle accidents	0	0	2
Unlawfully kill cattle	0	0	1

Reporting for Christmas Island and the Cocos (Keeling) Islands combined in line with new management procedures.

Table 6—Output 1.2: Protection Services: Number of Cases Referred 2002-04

Category/Type of Case	2003-04	2002-03
<b>Protection of individuals at risk</b>		
Protection – Australian Office Holder	208	174
Protection – Non Australian Office Holder	114	134
Protection – Witness	6	13
Subtotal	328	321
<b>Protection – Family Law Services</b>		
<b>Family Law Services</b>	<b>3</b>	<b>3</b>
Subtotal	3	3
<b>Security and Law Enforcement for Special Events</b>		
Special Events – Rugby World Cup	1	0
Special Events		0
Subtotal	1	0
<b>Total</b>	<b>332</b>	<b>324</b>

Source: Protection - OMC as at 14 July 2004

**Table 7—Output 1.3: International Services: new cases 2002-04**

Category/type of case	2003-04	2002-03
United Nations and Peacekeeping Services	10	1
Assist Interpol	1553	1627
Assist Liaison	510	531
<b>Total</b>	<b>2073</b>	<b>2159</b>

Source: PROMIS as at 6 July 2004

**Table 8—Performance Measures Outcome 2: Financial Result 2003-04**

Budgeted revenue (\$m)	Actual revenue (\$m)	Actual expenses (\$m)	Variance (\$m)
84.879	87.216	86.504	0.712

Footnote: Variance in actual revenue vs budgeted revenue resulted from an increase in sales of Goods and Services revenue.

Details of Performance Measures are reported separately in the ACT Policing Annual Report 2003-04. The ACT Policing Annual Report is available on the AFP website at [www.afp.gov.au](http://www.afp.gov.au)

Table 9 – Internal Audit Activity 2003-04

SAT Meeting	Performance Audits	Regularity Audits	Other Significant Completed Projects
16 Jul 2003		<p>Drug and Property Registries: Location Specific Reports (6).</p> <p>Consolidated Report on Drug and Property Handling.</p>	<p>Internal Audit Program 2003-2004, also fore-shadowing coverage for 2004-2006.</p> <p>Preliminary Study of Forensic Services.</p> <p>Preliminary Study of South Pacific Liaison Offices.</p> <p>Contract Management Follow Up. Leading to adoption of revised templates by Legal.</p> <p>Survey of Internal Audit clients for 2002-2003.</p>
21 Aug 2003			<p>Special SAT meeting to receive 2002-2003 AFP Financial Statements, which were consolidated with APS figures; plus the separate 2002-2003 APS Financial Statements.</p>
14 Oct 2003	<p>Air Security Officer Program – Operational Controls.</p> <p>Avian – Drug Operations.</p> <p>APS Quality Management Systems.</p>	<p>Firearms Control.</p> <p>2002-2003 Advance Accounts Financial Statements (3).</p> <p>Assumed Identities – Quality Assurance Review.</p>	<p>Follow Up of ACT Policing Governance Audit.</p> <p>Preliminary Study of Accounts Payable Function . in AFP</p> <p>Secretariat and other assistance to PROMIS Property Module Steering Committee, including input regrading revised National Guideline for Property and Exhibits.</p> <p>Risk Assessment and Treatments, applicable to Internal Audit function itself, updated.</p>
28 Jan 2004	<p>Air Security Officer Program – Financial Controls.</p> <p>Salary Packaging Administration.</p>	<p>Interim Review of Actions Arising from Consolidated Report on Drug and Property Handling.</p> <p>Commissioner's Office Travel Expenses.</p>	<p>Preliminary Study of Commonwealth Territories Policing.</p> <p>Preliminary Study of SAP Controls in APS.</p> <p>Facilitated Travel System Analysis.</p>

## 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 or 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.

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. Allegations reported directly to the Commonwealth Ombudsman by AFP employees concerning the actions of other AFP employees may also be classified as complaints.

AFP Professional Standards has been responsible for the recording, management and investigation of complaints against the APS Code of Conduct made against Australian Protective Security (APS) employees since October 2002.

*All statistical information is sourced from Professional Standards PROMIS as at 1 July 2004*

**Table 10—Complaints and allegations received in 2003-04 (by source)**

Referral Source	Complaints		Allegations		APS Complaints	
	Referrals	Per cent	Referrals	Per cent	Referrals	Per Cent
AFP internal	54	8.2	162	88.5	22	17.3
APS internal	0	0.0	0	0.0	70	55.1
Government Department	10	1.5	3	1.6	1	0.8
Media	0	0.0	0	0.0	0	0.0
Ministerial	0	0.0	0	0.0	0	0.0
Ombudsman	220	33.4	0	0.0	2	1.6
Reported by Public	375	56.9	18	9.9	32	25.2
State Police	0	0	0	0.0	0	0.0
<b>Total</b>	<b>659</b>	<b>100.0</b>	<b>183</b>	<b>100.0</b>	<b>127</b>	<b>100.0</b>

Table 11—Number of complaint issues received in 2003-04 (by status and category)

Category	AFP			APS		
	Completed	Outstanding	Total	Completed	Outstanding	Total
Advice	29	7	36	5	0	5
Arrest	23	22	45	0	4	4
Assault	3	11	14	0	7	7
Conduct	20	10	30	17	49	66
Criminal Offence	3	1	4	5	6	11
Entry and Search	24	10	34	0	0	0
Fraud	0	5	5	0	3	3
Harassment	35	27	62	9	19	28
Incivility	92	66	158	5	6	11
Miscellaneous	12	2	14	1	0	1
Misuse of Authority	28	23	51	9	17	26
Neglect of Duty	150	81	231	11	14	25
Non-Complaint	0	4	4	0	0	0
Practices & Procedures	95	39	134	5	5	10
Property	24	40	64	0	1	1
Traffic	14	13	27	1	1	2
Use of Force/Person	43	56	99	0	1	1
<b>Total</b>	<b>595</b>	<b>417</b>	<b>1012</b>	<b>68</b>	<b>133</b>	<b>201</b>

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.



**Table 12—Results of completed investigations (AFP complaint issues) 2003-04**

Category	A	B	C	D	E	F	G	Total
Advice	1	2	0	0	17	0	7	<b>27</b>
Arrest	0	1	0	1	5	0	15	<b>22</b>
Assault	0	2	0	1	0	0	2	<b>5</b>
Conduct	0	2	0	1	11	0	4	<b>18</b>
Criminal Offence	0	0	0	0	0	0	3	<b>3</b>
Entry and Search	0	2	0	0	5	1	16	<b>24</b>
Fraud	0	0	0	0	0	0	0	<b>0</b>
Harassment	0	0	0	0	8	1	28	<b>37</b>
Incivility	0	0	0	10	58	3	19	<b>90</b>
Miscellaneous	0	0	0	1	1	0	10	<b>12</b>
Misuse of Authority	0	3	0	0	10	1	11	<b>25</b>
Neglect of Duty	0	1	0	18	57	10	63	<b>149</b>
Non-Complaint	0	0	0	1	0	0	0	<b>1</b>
Practices & Procedures	1	0	0	14	31	3	45	<b>94</b>
Property	0	3	0	2	9	1	9	<b>24</b>
Traffic	0	0	0	0	11	0	3	<b>14</b>
Use of Force/Person	0	4	0	9	5	3	31	<b>52</b>
<b>Total</b>	<b>2</b>	<b>20</b>	<b>0</b>	<b>58</b>	<b>228</b>	<b>23</b>	<b>266</b>	<b>597</b>

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

Table 13—Number of AFP allegation issues received in 2003-04 (by status and category)

Category	Completed	Outstanding	Total
ACT – Minor Theft	1	0	1
Advice	2	1	3
Arrest	0	0	0
Assault	1	2	3
Conduct	35	31	66
Criminal Offence	4	18	22
Entry and Search	0	1	1
Fraud	7	6	13
Harassment	10	11	21
Incivility	4	3	7
Miscellaneous	5	0	5
Misuse of Authority	16	36	52
Neglect of Duty	9	13	22
Non-Complaint	0	0	0
Practices & Procedures	6	8	14
Property	5	5	10
Traffic	5	0	5
Use Of Force/Person	0	1	1
<b>Total</b>	<b>110</b>	<b>136</b>	<b>246</b>

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

**Table 14—Results of completed investigations (AFP allegation issues) 2003-04**

Category	A	B	C	D	E	F	G	Total
Act Minor Theft	0	1	0	0	0	0	0	1
Advice	0	0	0	1	1	0	0	2
Arrest	0	0	0	0	0	0	0	0
Assault	0	0	0	0	0	0	1	1
Conduct	16	0	0	0	10	1	7	34
Criminal Offence	3	1	0	0	0	0	1	5
Entry and Search	0	0	0	0	0	0	0	0
Fraud	0	3	1	0	0	0	2	6
Harassment	0	1	0	0	4	2	3	10
Incivility	0	0	0	0	2	0	2	4
Miscellaneous	0	0	0	0	2	0	3	5
Misuse of Authority	3	6	0	1	2	0	3	15
Neglect of Duty	2	5	0	1	2	0	0	10
Non-Complaint	0	0	0	0	0	0	0	0
Practices and Procedures	0	4	0	1	1	0	0	6
Property	1	0	1	0	3	0	0	5
Traffic	0	3	0	0	2	0	0	5
Use Of Force/ Person	0	0	0	0	0	0	0	0
<b>Total</b>	<b>25</b>	<b>24</b>	<b>2</b>	<b>4</b>	<b>29</b>	<b>3</b>	<b>22</b>	<b>109</b>

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

- A Substantiated
- B Unsubstantiated
- C Incapable of determination
- D Reconciliation Attempted
- E Reconciliation Effected
- F Withdrawn
- G Discretion exercised by the AFP not to investigate

## Prohibited Drug Testing Programs

The AFP conducts various prohibited drug testing activities as part of the AFP's Drug Free Workforce Program. These are: Mandatory Applicant Testing (MAT); Mandatory Targeted Testing (MTT); Mandatory Investigation Testing (MIT); Mandatory Certain Incident Testing (MCIT); and Mandatory Volunteer Testing (MVT).

These programs continued to receive full cooperation from employees and the AFPA throughout 2003/04. This year each program focused on detecting the presence of prohibited drugs, specifically narcotic substances (within the meaning of the Customs Act 1901, Schedule IV).

The following table provides a comparison of the drug program statistics for 2002/2003 and 2003/2004. During the 2003-04 reporting period, two (2) applicants for unsworn positions and three (3) contractors tested positive for drug use. All other tests returned negative results.

**Table 15—Prohibited Drug Tests Conducted as at 1 July 2004**

Category	2002-2003	2003-2004
Mandatory Applicant Testing	723	291
Mandatory Targeted Testing	1905	1122
Mandatory Testing of AFP Volunteers	28	-
Mandatory Investigation Testing	10	2
Mandatory Certain Incident Testing	3	2
Contractor Tests	117	101

## APS Prohibited Drug Testing Programs 2003-04

The APS has zero tolerance of prohibited drugs. During 2003-04 random drug testing was carried out for the Air Security Officer program and pre and post deployment medicals were conducted for officers deployed to overseas posts. The pre-employment medical check for prospective APS officers also included a drug screening component.

The integration of the APS in July 2004 will result in all employees being covered by the AFP protocols and policies relating to random drug testing.

## Action taken against employees

The Employment and Security Review Team (ESRT) conducts an employment suitability assessment that evaluates substantiated professional standards matters and carefully balances precedent with emerging community values and corporate objectives. It provides the relevant decision maker with a balanced assessment that considers the reported misconduct or performance issues against the career and performance history of the individual.

The processes are undertaken in accordance with the rules of natural justice and rely heavily on the requirements of procedural fairness and reasonableness in the decision making process.

The *Australian Federal Police Act 1979* is the legislation forming the basis of the processes administered by ESRT. 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 1996* applies only to employment decisions and does not apply to the Commissioner's command powers or the discipline of the AFP.

Where an employee engages in serious misconduct, the Commissioner may issue a declaration of serious misconduct under section 40K of the *Australian Federal Police Act 1979* in conjunction with section 28 of that Act. The issuance of a section 40K certificate of serious misconduct precludes an employee's right of appeal to the Australian Industrial Relations Commission (AIRC).

Table 16—Action taken against AFP employees

Action	2001-02	2002-03	2003-04
Employment suitability review	23	20	15
Section 40K – Serious Misconduct Declaration	1	0	0
Section 28 terminations	4	3	0
Discipline	0	0	3
Other (Comcare, Counselling, Human Rights etc)	6	5	2
Employment Continued	-	-	5
Employment ceased by resignation/retirement	-	-	6

## Security Clearances

Table 17—Number of AFP security clearances completed by category

Category	2001-02	2002-03	2003-04 AFP	2003-04 APS
Position of Trust	680	1389	548	2
Protected	111	132	131	8
Highly Protected/ Confidential	0	0	0	227
Highly Protected/ Secret	0	0	0	1
Highly Protected	579	888	351	29
Confidential	0	1	1	23
Secret	61	120	137	177
Top Secret	158	448	445	56
<b>Total</b>	<b>1589</b>	<b>2978</b>	<b>1613</b>	<b>523</b>

Table 18—Number of APS internal security clearances completed 2002-04

Category	2003-04	2002-03
<b>Position of Trust</b>	<b>2</b>	
Protected	9	22
Highly Protected	26	6
Highly Protected/Confidential	234	
Confidential	23	222
Highly Protected/Secret	1	
Secret	194	108
Top Secret	61	35
<b>Total</b>	<b>550</b>	<b>393</b>

Source: Vetting Team, APS. Data as at 1 July 2004

Table 19—Number of APS external security clearances completed 2002-04

Category	2003-04	2002-03
Protected	747	421
Highly Protected	288	194
Confidential	104	45
Secret	374	123
Top Secret	370	212
<b>Total</b>	<b>1883</b>	<b>995</b>

Source: Vetting Team, APS. Data as at 1 July 2004

## Consultancy Services

The AFP engages consultants in response to the need for specialist skills, to access the latest technology, to provide independent advice, or to act as a facilitator.

In accordance with the Commissioner's Financial Instructions, and the Department of Finance and Administration Circular 2004/02, the reporting of publicly available opportunities to do business with the AFP are published in the Commonwealth (Purchasing and Disposals) Gazette, via Austender at [www.tender.gov.au](http://www.tender.gov.au), except for those instances where the commercial benefit being offered is so small as to not warrant the time and procedures involved.

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

**Table 20—AFP consultancy services 2003-04 (over \$10,000)**

Consultant Name	Description of Service	2003-2004 costs (\$ inc GST)	Advertising Process	Reason Engaged
Tactics Consulting Pty Ltd	Provide services to review the AFP Hub's current and proposed capabilities.	Nil this financial year	II	B
E Montano	Non Executive member of the AFP Board	Nil this financial year	II	B,F
Dimension Data Australia	Documentation of the SharePoint management application	Nil this financial year	V	B
ChangeCoach	Core Support Functions International Police Operations	32,670.00	II	A,B, & F
Combined Management Consultants	Information Technology Structure review	15,895.00	II	D
Datacol Research Pty Ltd	Provision of data collation and assessment for ACTP Workplace Activity Project	22,233.27	III	B
Dowse Consulting	Delivery of accommodation solutions	29,747.85	II	E
Hoadley Budge Olphert & Edwares Maddigan Torzilla Briggs Pty Ltd – HBO & EMTB	Strategic Accommodation Planning for AFP and APS	56,628.00	I	A, B
Jade Direct Australia Pty Ltd	Business specification document for CRES IT	31,900.00	II	B
LFA (ACT) Pty Ltd	Master Plan for Wanggirrali Ngurrumbai Centre, Majura ACT	85,910.00	I	A, B
Market Attitude Research Services Pty Ltd	Survey Services on levels of client satisfaction	10,281.70	II	B
OSA – Converga Information Management Pty Ltd	Development of E records and document management strategy	40,280.15	V	B
Peigh Pty Ltd	Review of Peace Operations for future overseas operations	48,703.60	V	A,B &D
Ready Tech P/L Trading as Entec	Technical advice re design, construction and delivery of twin-hulled police boats	44,673.20	II, III	A, B
Victorian Institute Of Forensic Medicine	Pathology services	58,080.00	V	A,B
Workplace Research Associates	Research & advice on feasibility for AFP's application for Australian Chamber of Commerce & Industry National Work & Family Awards 2003	19,844.00	II, IV	A, B

The APS let 9 consultancy service contracts during 2003-04. Total expenditure on consultancy services for the year was\$ 424,634. Included in the services were: SAP system improvements and enhancements; a client survey at Sydney Airport; Security risk review; Review of APS internal record keeping systems.

**Table 21—APS consultancy services 2003-04 (over \$10,000)**

Consultant name	Description of service	Cost in 2003-04 (\$ incl GST)	Advertising process	Reason engaged
Acumen Business Solutions	SAP system enhancement and related services	168,052.50	III, IV, V	A, B
Argus Solutions Limited	Feasibility study and trial of SACS	16,500.00	V	A,B
Australian Public Service Commission	Provision of selection committee convenors	149,649.20	V	F
Courage Partners Pty Ltd	Customer survey development and facilitation	26,325.02	V	B
Integrity, Fraud and Security Management	Security risk assessment	11,616.00	V	A, B
Lloyd's Register Quality Assurance Ltd	Establishment of Quality Assurance management system procedures, assessment and review of related documentation, audits	23,321.88	I, II, IV	A, B
Outsource Australia	Review of APS internal record keeping and file census	18,306.64	V	B

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 2004

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)

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



## Advertising and Market Research

**Table 22—AFP and APS advertising and market research expenditure 2003-04 (over \$1,500)**

Consultant name	Description of services	Cost in 2003-04 \$
Copy Trends Display	AFP Recruitment advertising	1,651.64
Future Brand	AFP public opinion survey	4,000.00
HMA Blaze Pty Ltd	AFP Recruitment	75,629.91
HMA Blaze Pty Ltd	APS recruitment advertising	71,332.99
Newspoll Market Research	AFP Brand and image tracking	24,485.00
Spherion	AFP Recruitment	40,954.44

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 \$71,332.99 whilst the total estimated advertising and market research expenditure of the AFP is \$146,720.99.

## Freedom of Information

The decision-making powers of the AFP 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 functions and powers of AFP members are set out in the *Australian Federal Police Act 1979* and include the provision of police services to the Commonwealth and the Australian Capital Territory.

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

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 *Privacy Act 1988* and AFP Regulations, while many documents are made available to the public via the AFP's Internet web site. Details of the requests for information received by the AFP during the financial year are as follows:

**Table 23—AFP information requests 2002-04**

Category	2003-04	2002-03
Freedom of Information	142	126
Requests for documents – offences against the person	429	366
Requests for documents – accidents	2,963	3,134
Request for documents – offences against property	550	750
Subpoena or Summons	415	460

Source: AFP FOI Team and all AFP Regions. Data as of June 30, 2004

## 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 Freedom of Information Team

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 Freedom of Information Team.

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 team 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.

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](http://www.afp.gov.au). The documents include:

- ➊ accounting and budgetary records, including estimates, claims, payment records etc, held on files, in folders, on
- ➋ cards and in computer readable form;
- ➌ annual plans for internal audit activity; briefing papers and submissions prepared for the Attorney-General and
- ➍ the Minister for Justice and Customs;
- ➎ control registers concerning purchasing, official telephones, stores, assets, travel and internal services;
- ➏ copies of computer hardware and software purchase and maintenance contracts;
- ➐ correspondence on questions asked in parliament, together with related replies;
- ➑ correspondence received, including Ministerial correspondence;
- ➒ court documents and associated statements;
- ➓ 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, AFP Agency budget statements 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 on the AFP web site at [www.afp.gov.au](http://www.afp.gov.au)

## 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 following employees held decision-making powers for the APS.

- National Manager Protection;
- Manager, Aviation Security;
- Manager, Operations Support;
- Manager, Operations APS; and
- Coordinator, Human Resources.

During 2003-04, the APS received 2 request/s.

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**

Table 24—APS FOI statistics 2002-04

Requests	2003-04	2002-03
Requests carried over from previous year	0	1
Requests received	2	1
Granted in full	0	0
Granted in part	1	1
Refused	0	0
Transferred	0	0
Withdrawn	0	1
Requests outstanding at the end of the year	1	0

Source: FOI Coordinator, APS. Data as at 1 July 2004

## Reviews of decisions

No reviews of decisions were received during 2003-04.

Table 25—APS FOI request response times 2003-04

Time taken to respond (days)	2003-04	2002-03
0-30	0	1
31-60	0	0
61-90	0	0
Over 91	0	0
<b>Total</b>	<b>0</b>	<b>1</b>

Source: FOI Coordinator, APS. Data as at 1 July 2004

## People Strategies

Table 26—AFP Senior Executive 2003-04

Executive	Area	Sworn	Unsworn	Grand Total
ACT Policing	ACT	2	1	3
<b>ACT Policing Total</b>		<b>2</b>	<b>1</b>	<b>3</b>
Enabling	Commissioners Office		1	1
	Forensic		1	1
	People and Finance Management	3	3	6
	Policy and Commercial		6	6
<b>Enabling Total</b>		<b>3</b>	<b>11</b>	<b>14</b>
Executive Director of Protection	Office of the Executive Director	1		1
	Protection	2		2
	APS Trans	1		1
<b>Executive Director of Protection Total</b>		<b>4</b>		<b>4</b>
Executive Services	Commissioners Office	3		3
	Marketing and Communications		1	1
<b>Executive Services Total</b>		<b>3</b>	<b>1</b>	<b>4</b>
International/National	Eastern	1	1	2
	International and National Operations	13	1	14
	Northern	2		2
	Southern	1	1	2
<b>International/National Total</b>		<b>17</b>	<b>3</b>	<b>20</b>
<b>Grand Total</b>		<b>29</b>	<b>16</b>	<b>45</b>

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.

**Table 27—AFP Geographical Distributions 2003-04**

Location	AFP Sworn		AFP	AFP Unsworn		AFP	Grand
	Female	Male	Sworn	Female	Male	Unsworn	
			Total			Total	Total
Australian Capital Territory	259	785	1044	475	353	828	1872
New South Wales	120	282	402	61	43	104	506
Northern Territory	6	6	12	2	1	3	15
Queensland	42	143	185	31	25	56	241
South Australia	12	49	61	8	6	14	75
Tasmania		2	2		1	1	3
Victoria	74	204	278	40	26	66	344
Western Australia	13	86	99	20	12	32	131
Commonwealth Territories	1	19	20	3	2	5	25
Overseas Posts	38	185	223	23	15	38	261
<b>Grand Total</b>	<b>565</b>	<b>1761</b>	<b>2326</b>	<b>663</b>	<b>484</b>	<b>1147</b>	<b>3473</b>

Source: EIS Pay 1 2004/05

**Table 28—APS Geographical Distributions 2003-04**

Location	SES		EL1-2 & equiv		APSL1-6 &equiv		Total	
	F	M	F	M	F	M	F	M
Australian Capital Territory	0	1	13	50.8	111.28	546.56	124.28	598.36
New South Wales	0	0	0	6	16.83	193.2	16.83	199.2
Victoria	0	0	1	1	9	84	10	85
Queensland	0	0	0	3	8	79	8	82
South Australia	0	0	0	1	4	22	4	23
Western Australia	0	0	0	1	8	83	8	84
Tasmania	0	0	0	1	1	10	1	11
Northern Territory	0	0	0	2	6.6	58	6.6	60
<b>Total</b>	<b>0</b>	<b>1</b>	<b>14</b>	<b>65.8</b>	<b>164.7</b>	<b>1075.76</b>	<b>178.7</b>	<b>1142.56</b>

Source: APS SAP 4.6C Human Resources Public Sector. Data as at 1 July 2004

Table 29—Ongoing and non-ongoing and casual staff at 30 June 2004

Employee Group	2003/04	2002/03	Difference	Change
Permanent Full time	3242	3275	-33	-1.01%
Permanent Part Time	137	118	19	16.10%
Temporary full time	73	87	-14	-16.09%
Temporary Part time	11	8	3	37.50%
Casuals	7	7	0	0.00%
Seconded Paid	3	1	2	200.00%
<b>Grand Total</b>	<b>3473</b>	<b>3496</b>	<b>-23</b>	<b>-0.66%</b>

Source: EIS Pay 1 2003/04

The staff count of 3473 represents a Full Time Equivalent of 3416.10

Table 30—APS recruitment activity 2003-04

New recruits (ASO, EDC & PSO officers)	150
Australian Public Service Level 2	2
Australian Public Service Level 3	17
Australian Public Service Level 4	20
Australian Public Service Level 5	6
Australian Public Service Level 6	4
Executive Level (EL) 1	9
EL 2	4
<b>Total</b>	<b>212</b>



**Table 31 — AFP Workforce Composition 2003-04**

Sal. Group Report		Sworn	Sworn	Unsworn		Unsworn	Grand
			Total			Total	Total
	Female	Male		Female	Male		
1				1		1	1
2	49	128	177	73	33	106	283
3	85	198	283	170	95	265	548
4	220	607	827	210	89	299	1126
5	35	81	116	56	41	97	213
6	76	296	372	55	68	123	495
7	51	199	250	37	33	70	320
8	20	78	98	24	48	72	170
9	25	144	169	29	64	93	262
Casuals		5	5	1	1	2	7
National Indigenous Cadetship Program				3		3	3
SES	4	23	27	4	12	16	43
Statutory Office Holders		2	2				2
<b>Grand Total</b>	<b>565</b>	<b>1761</b>	<b>2326</b>	<b>663</b>	<b>484</b>	<b>1147</b>	<b>3473</b>

Source: EIS Pay 1 2004/05

**Table 32 — APS Workforce Composition 2003-04**

Salary group		Non-ongoing		Ongoing		Total
		P-T	F-T	P-T	F-T	
APSL1-6 and equivalent	Female	0	13	10	145	<b>168</b>
	Male	2	80	3	992	<b>1077</b>
EL1-2 and equivalent	Female	0	0	0	14	<b>14</b>
	Male	3	0	1	63	<b>67</b>
SES	Female	0	0	0	0	<b>0</b>
	Male	0	0	0	1	<b>1</b>
Total	Female	0	13	10	159	<b>182</b>
	Male	5	80	4	1056	<b>1145</b>

Table 33—Salary ranges available to AFP employees 2003-04

AFP BAND	PAY POINT	BASE SALARY AT 1 JULY 2003	BASE SALARY AT 12 NOVEMBER 2003
<b>1</b>	<b>1.1</b>	\$29,009	\$30,169
	1.2	\$30,029	\$31,230
	1.3	\$31,124	\$32,369
	1.4	\$32,221	\$33,510
<b>2</b>	<b>2.1</b>	\$32,221	\$33,510
	2.2	\$33,467	\$34,806
	2.3	\$34,680	\$36,067
	2.4	\$35,983	\$37,422
	2.5	\$37,434	\$38,931
<b>3</b>	<b>3.1</b>	\$37,434	\$38,931
	3.2	\$38,957	\$40,515
	3.3	\$40,479	\$42,098
	3.4	\$42,094	\$43,778
	3.5	\$43,706	\$45,454
<b>4</b>	<b>4.1</b>	\$43,706	\$45,454
	4.2	\$45,490	\$47,310
	4.3	\$47,271	\$49,162
	4.4	\$49,242	\$51,212
	4.5	\$51,380	\$53,435
<b>5</b>	<b>5.1</b>	\$51,380	\$53,435
	5.2	\$53,523	\$55,664
	5.3	\$55,661	\$57,887
<b>6</b>	<b>6.1</b>	\$55,661	\$57,887
	6.2	\$58,538	\$60,880
	6.3	\$61,413	\$63,870
<b>7</b>	<b>7.1</b>	\$61,413	\$63,870
	7.2	\$63,594	\$66,138
	7.3	\$65,776	\$68,407
<b>8</b>	<b>8.1</b>	\$65,776	\$68,407
	8.2	\$68,684	\$71,431
	8.3	\$71,595	\$74,459
<b>9</b>	<b>9.1</b>	\$71,595	\$74,459
	9.2	\$74,807	\$77,799
	9.3	\$78,018	\$81,139
	9.4	\$81,532	\$84,793
	9.5	\$85,046	\$88,448

NB: Shaded pay points are for external appointments or internal employees promoted from a lower grade where they were not on the top increment of that grade, or employees performing Higher Duties.

Table 34—2003-04 AFP Performance Bonus Payments

Grade	Bonus Payment Amount		Total Recipients	Total Payments Made
	Excellent	Highly Effective		
4.3	\$1289.00	\$806.00	1	\$806.00
5.3	\$1387.00	\$867.00	4	\$4508.00
6.3	\$1497.00	\$936.00	3	\$3369.00
7.3	\$1619.00	\$1012.00	9	\$9108.91
8.3	\$1748.00	\$1093.00	7	\$7319.76
9.3	\$1891.00	\$1182.00	47	\$55160.78
10.3	\$2055.00	\$1285.00	239	\$332147.64
11.3	\$2226.00	\$1392.00	18	\$26648.00
12.3	\$2457.00	\$1535.00	86	\$144158.47
13.3	\$2631.00	\$1644.00	34	\$66753.00
14.3	\$2864.00	\$1790.00	23	\$46540.00
15.3	\$3121.00	\$1950.00	15	\$37447.00
16.3	\$3402.00	\$2126.00	27	\$70162.00
<b>All Grades Total</b>			<b>513</b>	<b>\$804128.56</b>

Note: The bonus was open to those at the top of grade who have not accessed any form of advancement in the calendar year. Above represents the performance bonus entitlement for the 2002/2003 performance year, but payment was deferred until the 2003/04 financial year given industrial/financial considerations. Under the new AFP CA effective 1 July 2003, there is no continuing performance bonus arrangements for AFP employees. Bonuses are delivered on a pro-rata basis for those employees who are engaged under part-time arrangements. The increased number of recipients for the bonus is linked to the high impact year for the AFP including events such as the Bali investigation, ACT Bushfires and the commitment to East Timor.

Table 35—AFP Senior Executive Performance Bonus Payments

	Amount	Number
SES Level 3	\$15,000	3
SES Level 2	\$48,000	9
SES Level 1	\$125,000	24
<b>TOTAL</b>	<b>\$188,000</b>	<b>36</b>

Table 36—Salary ranges available to APS employees 2003-04

Category and Classification	Salary rates at 30 June 2004	
Section 170MX: Operational officers	AFR \$	Non AFR\$
PSO1	33,396 – 36,921	32,502 – 36,043
PSO2	37,982 – 40,965	37,021 – 39,956
Senior Protective Service Officer	42,573 – 45,919	41,260 – 44,800
AWA: NHQ and Station management officers		
APS2	35,173 – 39,004	
APS3	40,061 – 43,239	
APS4	44,650 – 48,479	
APS5	49,801 – 52,808	
APS6	53,789 – 61,787	
EL1	68,756 – 74,259	
EL2	79,232 – 92,882	
Section 24 Determination		
ASO	58,045 – 59,893	
ASO Team Leader	61,449- 63023	

Source: Section 170MX of the Workplace relations Act and ASO Section 24 Determination under the Australian Public Service Act. Data as at 1 July 2004

Table 37—AFP Years of Service

Pers Area	Cctr Executive	Years of Service							Grand Total
		0yrs	01-05yrs	06-10yrs	11-15yrs	16-20yrs	21-25yrs	26+yrs	
Sworn	ACT Policing		383	30	37	66	57	55	628
	Enabling	2	18	21	30	51	43	18	183
	Executive Services		82	37	35	59	29	28	270
	International/National	2	546	88	150	227	120	112	1245
Sworn Total		4	1029	176	252	403	249	213	2326
Unsworn	ACT Policing	48	91	5	12	6	1		163
	Enabling	59	234	40	51	35	12	4	435
	Executive Services	8	31	7	5	5	2	3	61
	International/National	30	302	48	55	32	11	10	488
Unsworn Total		145	658	100	123	78	26	17	1147
Grand Total		149	1687	276	375	481	275	230	3473

Source: EIS Pay 1 2004/05



Outpostings	Type	1	2	3	4	5	6	7	8	9	10	SES	D/C	Sub Total	Total
<b>Australian Crime Commission</b>															
Aelaide (1 ended 1 Oct 03)					3										3
Brisbane (1 band 4 commenced Nov 03)					3	1									4
Canberra commenced 28 June 2004					1										1
Melbourne (4 Band 4 ended various points in year)					7	3	1	1	1	1					13
Perth				1	2		1								4
Sydney (3 Band 4 ended various points in year)					14	1	4			1					20
<b>Subtotal ACC Secondments</b>															<b>43</b>
<b>Australian High Tech Crime Commission</b>				<b>2</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>2</b>				<b>14</b>	<b>14</b>
<b>External Territories</b>															
Christmas Island + 4 employed locally on "as needed" basis		1			2	1	1							5	5
Cocos (Keeling) Islands			1		1									2	2
Norfolk Island					2			1						3	3
Jervis Bay					3		1							4	4
<b>PeaceKeeping</b>															
East Timor (numbers reduced to 16 at 30 May 2004)						15			4	1		1		21	21
UNCIVPOL - Cyprus					10			2		2	1			15	15
Solomon Islands (after 30 March 04)						98 (106)			40 (30)	12 (9)		2	1 (0)	153	153
Jordon commenced 30 May 2004						2								2	2
<b>Total</b>		<b>1</b>	<b>1</b>	<b>6</b>	<b>53</b>	<b>10</b>	<b>139 (147)</b>	<b>9</b>	<b>48 (38)</b>	<b>22 (19)</b>	<b>1</b>	<b>3</b>	<b>1(0)</b>	<b>294 (289)</b>	

**TABLE 39—Participation in APS internal training programs 2002-04**

Course	2003-04
Recruit Training	91
AFR Training	87
Bomb Appraisal Officer	10
EDC Handler	6
Escort Officer	12
Firearms Instructor	27
Operational Safety Defensive Tactics Instructor	27
Leadership Development Program	108

Source: APS National Training Centre. Data as at 1 July 2004

**Table 40—National Medals & Police Overseas Service Medals processed during 2003-04**

Operating Division	National Medal				Police Overseas Service Medal				Commissioner's
	Medal	1st	2nd	3rd	Medal	Cyprus	Solomon Islands (RAMSI)	Timor Leste	Commendations
		Clasp	Clasp	Clasp					See Table 43
AFP	51	22	9		64	14	To be determined	62	
APS	13	3	1				To be determined		

Source: AFP Recognition and Ceremonial Team. Data at 30 June 2004

**Table 41—AFP & APS Australia Day Medallion 2004**

APS	2
AFP	19

Source: AFP Recognition and Ceremonial Team. Data at 30 June 2004

Table 42—Honours &amp; Awards to AFP Employees 2003-04

AWARD TYPE	AFP		APS	
	Medal	Clasp	Medal	Clasp
Commissioner's Medal for Excellence (CME)	-	-	-	-
Commissioner's Medal for Innovation (CMI)	2	-	-	-
Commissioner's Commendation for Bravery (CCB)	18	-	1	-
Commissioner's Commendation for Conspicuous Conduct (CCCC)	45	-	-	-
Commissioner's Commendation for Excellence in Overseas Service (CCEOS)	42	-	1	-
Commissioner's Commendation for Hazardous Overseas Service (CCHOS)	-	-	-	-
Commissioner's Group Citation for Bravery (CGCB)	16	-	-	-
Commissioner's Group Citation for Conspicuous Conduct (CGCCC)	51	-	3	-
Commissioner's Group Citation for Excellence in Overseas Service (CGCEOS)	140	-	17	-
Commissioner's Group Citation for Hazardous Overseas Service (CGCHOS)	4	-	-	-
Australian Federal Police Operations Medal	Yet to be announced	Alliance	Yet to be announced	Alliance
Australian Federal Police Service Medal	Yet to be awarded	-	-	-
Australian Protective Service Medal			Yet to be awarded	-
<b>TOTAL</b>	<b>319</b>		<b>22</b>	

**EXTERNAL AWARDS****Australian Honours System**

Member in the Order of Australia (AM)	3		-	-
Australian Police Medal (APM)	6			
Medal of the Order of Australia (OAM)	17		-	-
Police Overseas Service Medal	64	76	-	-
National Medal	51	31	13	

**FOREIGN AWARDS**

Bintang Bhayangkara Utama Medal (Republic of Indonesia)	1	-	-	-
Medal of the Department of Administrative Security (Columbian)	1	-	-	-
Lebanese Internal Security Medal	1	-	-	-



**Table 43—Australian Police Medal recipients 2004**

Name	Date
Detective Sergeant Peter Budworth	Queen's Birthday Honours List
Federal Agent Shane Castles	Australia Day Honours List
Federal Agent Peter Darhlston	Queen's Birthday Honours List
Federal Agent Michael Dunlop	Australia Day Honours List
Federal Agent Audrey Fagan	Australia Day Honours List
Federal Agent Brendan McDevitt, AM	Queen's Birthday Honours List

Source: AFP Recognition & Ceremonial Team. Data as at 1 July 2004

**Table 44—AFP & APS Australia Day Medallions 2004**

Name	Location	Operating Division
Ms Sharon Anderson	Program Axion	AFP
Ms Judith Baker	Corporate Support	AFP
Mrs Michelle Burgemeister	Forensic Services	AFP
Ms Judy Dobrovolsky	Investigative Assistant	AFP
Ms Maria Drennan	Intelligence	AFP
F/A Greg Durr	Legal	AFP
F/A Gerard Fletcher	Avian	AFP
D/Supt Rob Gilliland	SRS, ACT Policing	AFP
Mr Frank Jackson	Financial Services	AFP
Ms Sandra Jenkins	Protective Security	AFP
D/Supt Chris Lines	Crime Prevention ACT Policing	AFP
Mr Brian Lowe	AVIAN	AFP
F/A Greg McLeod	Operations	AFP
F/A Gerry Morris	South Pacific Liaison	AFP
Ms Rachael Nikolic	Human Resources	APS
Ms Diana Oke	Darwin Office	AFP
F/A Mike Petty	Financial Investigations	AFP
Mr Michael Rendina	Legal	AFP
Ms Patti Rowe	Protective Security	AFP
F/A Noel Scobell	Intelligence	AFP
F/A Mark Simpson	Australian Bomb Data Centre	ABDC
Mr Garry Young	ASO Coordinator	APS

Source: AFP Recognition and Ceremonial Team. Data as at 1 July 2004

## Acronyms for AFP Annual Report

<b>ATSIC</b>	Aboriginal and Torres Strait Islander Commission	<b>BAA</b>	Business Activity Analysis
<b>ACTIP</b>	Advanced Counter Terrorism Investigations Program	<b>CNP</b>	Cambodian National Police
<b>AFR</b>	Advanced First Response	<b>CAPS</b>	Career Self-Assessment and Planning System
<b>ATS</b>	amphetamine-type stimulants	<b>CCPM</b>	Case Categorisation and Prioritisation Model
<b>ASO</b>	Air Security Officer	<b>CMIS</b>	Case Management and Intelligence System
<b>APG</b>	Asia-Pacific Group on Anti-Money Laundering	<b>CIE</b>	Centre for International Economics
<b>APG</b>	Asia-Pacific Group on Money Laundering	<b>CA</b>	Certified Agreement
<b>AGD</b>	Attorney-General's Department	<b>CBR</b>	Chemical, Biological and Radiological
<b>ABDC</b>	Australian Bomb Data Centre	<b>CIO</b>	Chief Information Officer
<b>ABS</b>	Australian Bureau of Statistics	<b>COM</b>	Chief of Mission
<b>AusCERT</b>	Australian Computer Emergency Response Team	<b>CPP</b>	Close Personal Protection
<b>ACC</b>	Australian Crime Commission	<b>CPA</b>	Coalition Provisional Authority
<b>ACS</b>	Australian Customs Service	<b>CAWIPAC</b>	Commissioners' Australasian Women in Policing Advisory Committee
<b>ADF</b>	Australian Defence Force	<b>CN</b>	Confidant Network
<b>AFP</b>	Australian Federal Police	<b>CNCT</b>	Confidant Network Coordination Team
<b>AFPOLL</b>	Australian Federal Police On-Line Learning	<b>CTFR</b>	Counter-Terrorism First-Response
<b>AFMA</b>	Australian Fisheries Management Authority	<b>CTORG</b>	Counter-Terrorist Overseas Response Group
<b>AGAL</b>	Australian Government Analytical Laboratories	<b>CMIS</b>	Crime Management Information System
<b>AGS</b>	Australian Government Solicitor	<b>DEH</b>	Department of the Environment and Heritage
<b>AHTCC</b>	Australian High Tech Crime Centre	<b>DFAT</b>	Department of Foreign Affairs and Trade
<b>AIDIP</b>	Australian Illicit Drug Intelligence Program	<b>DIMIA</b>	Department of Immigration and Multicultural and Indigenous Affairs
<b>ANZEOCC</b>	Australian New Zealand Equal Opportunity Consultative Committee	<b>DITR</b>	Department of Industry, Tourism and Resources
<b>APS</b>	Australian Protective Service	<b>DVI</b>	Disaster Victim Identification
<b>APRA</b>	Australian Prudential Regulatory Authority	<b>ECPAT</b>	End Child Prostitution, Child Pornography and Trafficking of Children for Sexual Purposes
<b>ASIO</b>	Australian Security Intelligence Organisation	<b>EAP</b>	Employee Assistance Program
<b>ASIC</b>	Australian Securities and Investment Commission	<b>EA&amp;PS</b>	Employee Assistance & Psychological Services
<b>ATO</b>	Australian Tax Office	<b>EIS</b>	Executive Information System
<b>AUSTRAC</b>	Australian Transaction Reports and Analysis Centre	<b>EMB</b>	Executive Management Board
<b>ACPR</b>	Australasian Centre for Policing Research	<b>EDC</b>	Explosives Detection Canine Program
<b>APPSC</b>	Australasian Police Professional Standards Council	<b>FCA</b>	Family Court of Australia
<b>AWAs</b>	Australian Workplace Agreements	<b>FLO</b>	Family Liaison Officers
<b>ASO</b>	Air Security Officer	<b>FBI</b>	Federal Bureau of Investigation
<b>BAO</b>	Bomb Appraisal Officer	<b>BSI</b>	Federal Office for IT Security - Germany
<b>BOCSAR</b>	Bureau of Crime Statistics NSW	<b>FATF</b>	Financial Action Task Force
		<b>FS</b>	Forensic Services
		<b>FC&amp;AC</b>	Plan Fraud Control and Anti-Corruption Plan
		<b>FOI</b>	Freedom of Information

<b>FM</b>	Functional Model	<b>MJEX</b>	Multi-Jurisdictional Exercise
<b>GLLO</b>	Gay & Lesbian Liaison Officer	<b>NACMP</b>	National Advisory Committee on Missing Persons
<b>HCO</b>	Harassment Contact Officer	<b>NATA</b>	National Association of Testing Authorities
<b>HIC</b>	Health Insurance Commission	<b>NAB</b>	National Australia Bank
<b>H&amp;SS</b>	Health & Safety Services	<b>NCB</b>	National Central Bureau
<b>HRS</b>	Human Resources Section	<b>NCTC</b>	National Counter-Terrorism Committee
<b>ICTF</b>	Identity Crime Task Force	<b>NCTP</b>	National Counter-Terrorism Plan
<b>ICC</b>	Incident Coordination Centre	<b>NCCTIntel</b>	National Coordinator Counter-Terrorism Intelligence
<b>INP</b>	Indonesian National Police	<b>NIDS</b>	National Illicit Drug Strategy
<b>IM</b>	Information Management	<b>NIMT</b>	National Intelligence Management Team
<b>IS</b>	Information Services	<b>NIFS</b>	National Institute of Forensic Science
<b>IT</b>	Information Technology	<b>NMT</b>	National Management Team
<b>IP&amp;M</b>	Injury Prevention & Management	<b>NMG</b>	National Managers Group
<b>ITSA</b>	Insolvency and Trustee Service of Australia	<b>NMPU</b>	National Missing Persons Unit
<b>IICPO</b>	Interpol International Criminal Police Organisation	<b>NSC</b>	National Security Committee of Cabinet
<b>IDG</b>	International Deployment Group	<b>NCTC</b>	National Counter-Terrorism Committee
<b>IDPT</b>	International Deployment Pre-deployment Training	<b>NTAC</b>	National Threat Assessment Centre
<b>IFRS</b>	International Financial Reporting Standards	<b>NTC</b>	National Training Centre
<b>IPPs</b>	Internationally Protected Persons	<b>NWCT</b>	National Women's Consultative Team
<b>JCLEC</b>	Jakarta Centre for Law Enforcement Cooperation	<b>NWPP</b>	National Witness Protection Program
<b>JOC</b>	Jakarta Operations Centre	<b>NFI</b>	Netherlands Forensic Institute
<b>JCTICU</b>	Joint Counter Terrorism Intelligence Coordination Unit	<b>NSW</b>	New South Wales
<b>JCTT</b>	Joint Counter Terrorism Teams	<b>NTAC</b>	National Technical Assistance Centre UK
<b>JOMC</b>	Joint Operations Monitoring Centre	<b>NTPFES</b>	Northern Territory Police, Fire and Emergency Service
<b>JIPTC</b>	Jordan International Police Training Center	<b>OH&amp;S</b>	Occupational Health & Safety
<b>KPI</b>	Key Performance Indicator	<b>OC</b>	Operations Committee
<b>LECP</b>	Law Enforcement Cooperation Program	<b>OMC</b>	Operations Monitoring Centre
<b>L&amp;D</b>	Learning and Development	<b>PTCCC</b>	Pacific Transnational Crime Coordination Centre
<b>LRQA</b>	Lloyds Register Quality Assurance	<b>PNG</b>	Papua New Guinea
<b>MION</b>	Malunggang Indigenous Officer Network	<b>PPF</b>	Participating Police Force
<b>MOSC</b>	Management of Serious Crime	<b>PACE</b>	Passenger Alert and Clearance Evaluation
<b>MAT</b>	Mandatory Applicant Testing	<b>PDF</b>	People Development Framework
<b>MTT</b>	Mandatory Targeted Testing	<b>PSST</b>	People Smuggling Strike Team
<b>MIT</b>	Mandatory Investigation Testing	<b>PDA</b>	Performance Development Agreement
<b>MCIT</b>	Mandatory Certain Incident Testing	<b>PCGMP</b>	Police Consultative Group on Missing Persons
<b>MVT</b>	Mandatory Volunteer Testing	<b>PSS</b>	Policy and Strategic Services
<b>MOU</b>	Memorandum of Understanding	<b>PNP</b>	Philippines National Police
<b>MDMA</b>	3,4-methylenedioxymethamphetamine	<b>PCC</b>	Police Commissioners Conference
<b>MCDS</b>	Ministerial Council on Drug Strategy		

<b>PTT</b>	Police Technical Teams	<b>UNPOL</b>	United Nations Police
<b>PNTL</b>	Policia Nacional de Timor-Leste	<b>VGTL</b>	Virtual Global Taskforce
<b>PROMIS</b>	Police Real-time Online Management and Investigations System	<b>WILES</b>	Women in Law Enforcement Strategy
<b>PwC</b>	PricewaterhouseCoopers		
<b>PM&amp;C</b>	Prime Minister and Cabinet		
<b>PRS</b>	Professional Standards		
<b>PSCC</b>	Protective Security Coordination Committee		
<b>PSI</b>	Protective Security Intelligence		
<b>PSLO</b>	Protective Security Liaison Officer		
<b>QMS</b>	Quality Management System		
<b>RAPID</b>	Vehicle number plate recognition system		
<b>ROTS</b>	Recruits Over Time Survey		
<b>RAMSI</b>	Regional Assistance Mission Solomon Islands		
<b>RBA</b>	Reserve Bank of Australia		
<b>RCMP</b>	Royal Canadian Mounted Police		
<b>RPNGC</b>	Royal Papua New Guinea Constabulary		
<b>RSIP</b>	Royal Solomon Islands Police		
<b>RWC</b>	Rugby World Cup		
<b>STSC</b>	Science and Technology Steering Committee		
<b>SCNS</b>	Secretaries Committee on National Security		
<b>SAT</b>	Security and Audit Team		
<b>SACAT</b>	Sexual Assault and Child Abuse Team (ACT Policing)		
<b>SPCPC-WAN</b>	South Pacific Chiefs of Police Conference – Women's Advisory Network		
<b>SECES</b>	Special Events Coordination and Executive Support		
<b>SOAR</b>	Staff Opinion and Analysis Review		
<b>SRS</b>	Surveillance and Special Response Service		
<b>TID</b>	Telecommunications Interception Division		
<b>TIES</b>	Telecommunications Interception Electronic Surveillance		
<b>TCCC</b>	Transnational Crime Coordination Centre		
<b>TCU</b>	Transnational Crime Unit		
<b>TSETT</b>	Transnational Sexual Exploitation and Trafficking Team		
<b>UK NCS</b>	United Kingdom National Crime Squad		
<b>UN</b>	United Nations		
<b>UNCIVPOL</b>	United Nations Civilian Police		
<b>UNMISET</b>	United Nations Mission in Support of East Timor		
<b>UNFICYP</b>	United Nations Peacekeeping Force in Cyprus		

## FINANCIAL STATEMENTS



AFP ANNUAL REPORT 2003–2004



## INDEPENDENT AUDIT REPORT

*To the Minister for Justice and Customs*

### Matters relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements published in both the annual report and on the website of the Australian Federal Police for the year ended 30 June 2004. The Commissioner is responsible for the integrity of both the annual report and its web site.

The audit report refers only to the financial statements, schedules and notes named below. It does not provide an opinion on any other information which may have been hyperlinked to/from the audited financial statements.

If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements in the Australian Federal Police's annual report.

### Scope

The financial statements comprise:

- Statement by the Commissioner and the Chief Financial Officer;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies; and
- Notes to and forming part of the Financial Statements

of the Australian Federal Police for the year ended 30 June 2004.

The Commissioner is responsible for the preparation and true and fair presentation of the financial statements in accordance with the Finance Minister's Orders. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

**Audit approach**

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

I performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Australian Federal Police's financial position, and of its performance as represented by the statements of financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Commissioner.

**Independence**

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate Australian professional ethical pronouncements.

**Audit Opinion**

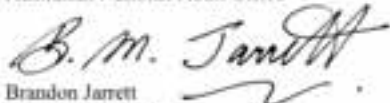
In my opinion, the financial statements:

- (i) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* and applicable Accounting Standards; and
- (ii) give a true and fair view, of the matters required by 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 2004, and its financial performance and cash flows for the year then ended.

**Additional Statutory Disclosure**

The Australian Federal Police has breached section 48 of the *Financial Management and Accountability Act 1997* as detailed in Note 21B of the financial statements.

Australian National Audit Office



Brandon Jarrett  
Executive Director

Delegate of the Auditor-General

Canberra  
10 August 2004





## INDEPENDENT AUDIT REPORT

To the Minister for Justice and Customs

### Scope

The financial statements comprise:

- Statement by the Commissioner and the Chief Financial Officer;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies; and
- Notes to and forming part of the Financial Statements

of the Australian Federal Police for the year ended 30 June 2004.

The Commissioner is responsible for the preparation and true and fair presentation of the financial statements in accordance with the Finance Minister's Orders. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

### Audit approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

I performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Australian Federal Police's financial position, and of its performance as represented by the statements of financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Commissioner.

#### **Independence**

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate Australian professional ethical pronouncements.

#### **Audit Opinion**

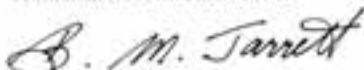
In my opinion, the financial statements:

- (i) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* and applicable Accounting Standards; and
- (ii) give a true and fair view, of the matters required by 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 2004, and its financial performance and cash flows for the year then ended.

#### **Additional Statutory Disclosure**

The Australian Federal Police has breached section 48 of the *Financial Management and Accountability Act 1997* as detailed in Note 21B of the financial statements.

Australian National Audit Office



Brandon Jarrett  
Executive Director

Delegate of the Auditor-General


Canberra  
10 August 2004

**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 2004 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

  
4 August 2004

Signed



Dianne Carlos  
Chief Financial Officer

  
4 August 2004



## AUSTRALIAN FEDERAL POLICE

### Financial Statements

### For the Year Ended

30 June 2004



AFP Web site: [www.afp.gov.au](http://www.afp.gov.au)

**AUSTRALIAN FEDERAL POLICE**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
*for the year ended 30 June 2004*

	Notes	2003-04 \$'000	2002-03 \$'000
<b>Revenues from ordinary activities</b>			
Revenues from Government	4A	558,478	383,698
Goods and services	4B	206,942	192,537
Interest	4C	1,089	3,379
Revenue from sales of assets	4D	17	61
Reversals of previous asset write-downs	4E	70	14
Other	4F	5,460	3,904
<i>Revenues from ordinary activities</i>		<u>772,058</u>	<u>583,593</u>
<b>Expenses from ordinary activities (excluding borrowing cost expense)</b>			
Employees	5A	428,273	362,858
Suppliers	5B	228,195	189,192
Depreciation and amortisation	5C	31,777	24,361
Write-down of assets	5D	3,804	836
Value of assets sold	4D	211	40
<i>Expenses from ordinary activities (excluding borrowing costs expense)</i>		<u>676,259</u>	<u>577,287</u>
<b>Net surplus/(deficit) from ordinary activities before income tax</b>		<u>95,798</u>	<u>6,306</u>
<i>Competitive Neutrality Expense</i>	6	6,895	6,910
<b>Net surplus/(deficit) from ordinary activities after income tax</b>		<u>89,103</u>	<u>(504)</u>
Net credit to asset revaluation reserve		(4,151)	2,577
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)
<b>Total revenues, expenses and valuation adjustments recognised directly in equity</b>		<u>(4,151)</u>	<u>2,203</u>
<b>Total changes in equity other than those resulting from transactions with the Australian Government as owner</b>		<u>84,952</u>	<u>1,599</u>

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 2004*

	Notes	2003-04 \$'000	2002-03 \$'000
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash	8A	59,747	71,701
Receivables	8B,C	176,058	33,038
<b>Total financial assets</b>		<b>235,805</b>	<b>104,739</b>
<b>Non-financial Assets</b>			
Land and buildings	9A,D	3,974	2,670
Infrastructure, plant and equipment	9B,D	80,448	80,976
Intangibles	9C,D	13,793	18,095
Inventories	9E	312	-
Other	9E	12,414	11,271
<b>Total non-financial assets</b>		<b>110,941</b>	<b>113,012</b>
<b>TOTAL ASSETS</b>		<b>346,746</b>	<b>217,751</b>
<b>LIABILITIES</b>			
<b>Provisions</b>			
Employees	10B	97,588	97,893
Other	10C	16,032	8,552
<b>Total provisions</b>		<b>113,621</b>	<b>106,445</b>
<b>Payables</b>			
Suppliers	11A	31,737	23,693
Other payables	11B	3,573	2,472
Dividend	11C	2,175	4,321
<b>Total payables</b>		<b>37,485</b>	<b>30,486</b>
<b>Tax liabilities</b>			
Tax liabilities equivalent	11D	619	4,477
<b>Total tax liabilities</b>		<b>619</b>	<b>4,477</b>
<b>TOTAL LIABILITIES</b>		<b>151,725</b>	<b>141,408</b>
<b>NET ASSETS</b>		<b>195,021</b>	<b>76,343</b>
<b>EQUITY</b>			
Contributed equity	12A	179,111	133,340
Reserves	12A	13,106	17,256
Retained surpluses/(Accumulated deficits)	12A	11,804	(74,253)
<b>TOTAL EQUITY</b>	12A	<b>195,021</b>	<b>76,343</b>
<b>Current assets</b>		<b>218,211</b>	<b>115,746</b>
<b>Non-current assets</b>		<b>128,535</b>	<b>102,005</b>
<b>Current liabilities</b>		<b>90,343</b>	<b>82,876</b>
<b>Non-current liabilities</b>		<b>61,382</b>	<b>58,532</b>

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 2004*

	Notes	2003-04 \$'000	2002-03 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Goods and services		240,477	197,353
Appropriations (1)		543,271	383,400
GST Received from ATO		13,222	15,901
Interest		244	3,373
<b>Total cash received</b>		<b>797,214</b>	<b>600,027</b>
<b>Cash used</b>			
Employees		414,181	357,459
Suppliers		213,863	160,817
GST Paid to ATO		22,790	5,935
Competitive neutrality payments		18,554	-
<b>Total cash used</b>		<b>669,388</b>	<b>524,211</b>
<b>Net cash from (used by) operating activities</b>	13	<b>135,826</b>	<b>75,816</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of property, plant and equipment		17	64
Proceeds from maturity of term deposits		-	527,300
<b>Total cash received</b>		<b>17</b>	<b>527,364</b>
<b>Cash used</b>			
Purchase of land & buildings		1,298	619
Purchase of property, plant and equipment		29,753	40,277
Purchase of intangibles		4,596	11,183
Purchase of term deposits		-	507,300
<b>Total cash used</b>		<b>35,647</b>	<b>559,380</b>
<b>Net cash from (used by) investing activities</b>		<b>(25,630)</b>	<b>(32,016)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations - contributed equity		51,171	9,876
<b>Total cash received</b>		<b>51,171</b>	<b>9,876</b>
<b>Cash used</b>			
Capital use charge paid		-	9,909
Return of contributed equity		-	-
Transfer of Funds to DOFA		159,004	-
Dividend paid		4,321	1,650
<b>Total cash used</b>		<b>163,324</b>	<b>11,559</b>
<b>Net cash from (used by) financing activities</b>		<b>(112,153)</b>	<b>(1,683)</b>
<b>Net increase (decrease) in cash held</b>		<b>(11,955)</b>	<b>42,115</b>
Cash at beginning of the reporting period		71,702	29,586
<b>Cash at the end of the reporting period</b>		<b>59,747</b>	<b>71,701</b>

The above statement should be read in conjunction with the accompanying notes.

**AUSTRALIAN FEDERAL POLICE  
SCHEDULE OF COMMITMENTS**

as at 30 June 2004

	2003-04 \$'000	2002-03 \$'000
<b>BY TYPE</b>		
<b>Capital Commitments</b>		
Land and buildings	16,783	3,416
Infrastructure, plant and equipment	6,752	10,128
<b>Total capital commitments</b>	<b>23,535</b>	<b>13,544</b>
<b>Other Commitments</b>		
Operating leases <sup>1</sup>	79,825	107,257
Forward Commitments estimate <sup>2</sup>	304	-
Other commitments	103,113	57,844
<b>Total other commitments</b>	<b>183,242</b>	<b>164,701</b>
<b>Commitments Receivable</b>	<b>(18,798)</b>	<b>(14,158)</b>
<b>Net Commitments</b>	<b>187,979</b>	<b>164,087</b>
<b>BY MATURITY</b>		
<b>Capital Commitments</b>		
One year or less	11,617	12,312
From one to five years	9,778	-
Over five years	-	-
<b>Operating Lease Commitments</b>		
One year or less	34,472	36,616
From one to five years	38,997	57,663
Over five years	135	3,878
<b>Other Commitments</b>		
One year or less	80,659	36,827
From one to five years	11,133	16,791
Over five years	1,168	-
<b>Net Commitments by Maturity</b>	<b>187,979</b>	<b>164,087</b>

NB: Commitments are GST inclusive where relevant



## AUSTRALIAN FEDERAL POLICE

## SCHEDULE OF COMMITMENTS

*as at 30 June 2004*

1 Operating leases included are effectively non-cancellable and comprise:

*Nature of Lease*

leases for office  
accommodation

*General description of leasing arrangement*

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.

2 Forward Commitment estimate represents 1 years worth of rental cost for specific office  
accommodation where APS only have service delivery agreements with the clients

The above schedule should be read in conjunction with the accompanying notes.

**AUSTRALIAN FEDERAL POLICE**  
**SCHEDULE OF CONTINGENCIES**  
*as at 30 June 2004*

	<b>2003-04</b>	<b>2002-03</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Contingent liabilities</b>		
Claims for damages/costs	<b>1,195</b>	<b>3,310</b>
<b>Total Contingent Liabilities</b>	<b>1,195</b>	<b>3,310</b>
<b>Contingent assets</b>		
Claims for damages/costs	<b>-</b>	<b>-</b>
<b>Total contingent assets</b>	<b>-</b>	<b>-</b>

**Unquantifiable contingencies**

Details of each class of contingent liabilities and assets, including those not included above because they cannot be quantified or are considered remote, are disclosed in Note 14: Contingent Liabilities and Assets.

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 2004*

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Note	Description
1	Summary of Significant Accounting Policies
2	Adoption of AASB Equivalent to International Financial Report Standards from 2005-2006
3	Events Occurring after Balance Date
4	Operating Revenues
5	Operating Expenses
6	Borrowing Cost Expense/Competitive Neutrality Expense
7	Business Operations
8	Financial Assets
9	Non-financial Assets
10	Provisions
11	Payables
12A	Equity
12B	Restructuring
13	Cash Flow Reconciliation
14	Remote Contingencies
15	Executive Remuneration
16	Remuneration of Auditors
17	Average Staffing Levels
18	Special Payments
19	Financial Instruments
20	Appropriations
21	Special Accounts/Trust Monies
22	Reporting of Outcomes

**AUSTRALIAN FEDERAL POLICE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*For the year ended 30 June 2004*

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**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: National – International Focus

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

Outcome 2: ACT Community Policing Focus

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 Orders (Financial Statements for reporting periods ending on or after 30 June 2004)*);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and
- Consensus Views of the Urgent Issues Group.

**1.2.1      Rounding Off**

Policy 1E of the FMOs allows rounding of the amounts presented in the financial statements, except in notes relating to items which are deemed material by nature. Items deemed material by nature are:

- Act of grace payments and waivers;
- The remuneration of auditors; and
- The remuneration of directors and managers.

Assets, liabilities, expense or revenue, are rounded to the nearest \$1000.

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

**AUSTRALIAN FEDERAL POLICE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*For the year ended 30 June 2004*

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 14).

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.

### **1.3 Changes in Accounting Policy**

The accounting policies used in the preparation of these financial statements are consistent with those used in 2002-2003.

Revaluations up to 30 June 2002 were done on a 'deprival' basis; since that date, revaluations have been done on a fair value basis. Revaluation increments and decrements in each year of transition to fair value are taken directly to accumulated results in accordance with the transitional provisions of AASB 1041 *Revaluation of Non-current Assets*.

In 2002-03, the Finance Minister's Orders introduced an impairment test for agency non-current assets carried at cost and which were not subject to AASB 1041 *Recoverable Amount of Non-current Assets*.

### **1.4 Revenue**

#### *Revenues from Government*

Amounts appropriated for Departmental outputs for the year (less any current year savings and reductions) 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.

Savings are amounts offered up in Portfolio Additional Estimates Statements. Reductions are amounts by which appropriations have been legally reduced by the Finance Minister under Appropriation Act No 3 of 2003-04.

Appropriations receivable are recognised at their nominal amounts.

**AUSTRALIAN FEDERAL POLICE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*For the year ended 30 June 2004*

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*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.

Receivables for goods and services 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 collectability of the debt is judged to be less likely rather than more likely.

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**

*Equity injections*

Amounts appropriated which are designated as 'equity injections' for a year (less any savings offered up in Portfolio Additional Estimates Statement(s)) are recognised directly in Contributed Equity in that year.

*Dividends*

The 1995 Memorandum of Understanding between the Department of Finance and Administration (DoFA) and Australian Protective Service (APS) specifies that dividend payment is based on 50% of the taxable income with recognition of the requirement to retain funds for business purposes and the overall budgetary position.

*Other distributions to owners*

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend. In 2003-04 the AFP returned \$14.4 million surplus output appropriation funding to the Official Public Account.

**AUSTRALIAN FEDERAL POLICE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*For the year ended 30 June 2004*

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**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 and 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.

All other employee benefit liabilities are measured at 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 Actuarial valuation 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.

*Superannuation*

Staff of the AFP are members of the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS). The liability for their superannuation benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

The AFP makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the AFP's employees.

**AUSTRALIAN FEDERAL POLICE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*For the year ended 30 June 2004*

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 and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets. In operating leases, 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 beginning of the lease term and a liability recognised at the same time and the same amount. The discount rate used is the interest rate implicit in the lease. 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.

**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 amount 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. Cash is recognised at its nominal amount.



**AUSTRALIAN FEDERAL POLICE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*For the year ended 30 June 2004*

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**1.10 Other Financial Instruments**

*Trade Creditors*

Trade 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).

*Contingent Liabilities and Contingent Assets*

Contingent liabilities (assets) are not recognised in the Statement of Financial Position but are discussed in the relevant Schedules and Notes. They may arise from uncertainty as to existence of a liability (asset), or represent an existing liability (asset) in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Where settlement becomes probable, a liability (asset) is recognised. A liability (asset) is recognised when expense is confirmed by a future event, settlement becomes probable or reliable measurement becomes possible.

**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 (PP&E)**

*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 conducted since 1 July 2002 were conducted using the fair value method. This change in accounting policy is required by Australian Accounting Standard AASB 1041 *Revaluation of Non-current Assets*. Valuations undertaken in any year are as at 30 June.

**AUSTRALIAN FEDERAL POLICE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*For the year ended 30 June 2004*

Fair values for each class of asset are determined as shown below.

<i>Asset class</i>	<i>Fair value measured at:</i>
Land	Market selling price
Buildings	Market selling price
Plant and equipment	Market selling price

Under fair value, assets which are surplus to requirements are measured at their net realisable value.

The financial effect for 2003-04 of this change in policy relates to those assets to be recognised at fair value for the first time in the current period where the measurement basis for fair value is different to that previously used for deprival value. The financial effect of the change is given by the difference between the fair values obtained for these assets in the current period and the deprival-based values recognised at the end of the previous period. The financial effect by class is as follows:

<i>Asset class</i>	<i>Adjustment</i>	<i>Contra Account</i>
Land and Buildings	\$128,687.58	Asset Revaluation Reserve
Plant and equipment	(\$4,278,741.55)	Asset Revaluation Reserve

Accounting Standard AASB 1001 *Accounting Policies* requires, where practicable, presentation of the information that would have been disclosed in 2002-03 had the new accounting policy always been applied. It is not practical to present this information.

- *Frequency*

Since 30 June 2002 all assets have been re-valued progressively in successive three-year cycles. All current cycles commenced on 1 July 2003.

- *Conduct*

Formal valuations will be conducted by an independent qualified valuer every four years.

*Depreciation and Amortisation*

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the AFP using, in all cases, the straight line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each reporting 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.

**AUSTRALIAN FEDERAL POLICE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*For the year ended 30 June 2004*

Depreciation and amortisation rates applying to each class of depreciable asset are based on the following useful lives:

	2003-04	2002-03
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 7 years	3 to 5 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 9.

*Impairment of Non-Current Assets*

Non-current assets carried at up to date fair value at the reporting date are not subject to impairment testing.

The non-current assets carried at cost or deprival value, which are not held to generate net cash flow inflows, have been assessed for indication of impairment. Where indications of impairment exist, the carrying amount of the asset is compared to the higher of its selling price and depreciated replacement cost and is written down to that value if greater.

**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.

All software assets were assessed for impairment as at 30 June 2004. None were found to be impaired.

Internally developed and externally acquired software are amortised on a straight line basis over their anticipated useful lives.

Useful lives are:

	2003-04	2002-03
• Internally developed software	5-7 years	5 years
• Externally acquired software	3-5 years	3-5 years

**AUSTRALIAN FEDERAL POLICE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*For the year ended 30 June 2004*

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**1.15 Taxation/Competitive Neutrality**

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.

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.

*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. 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 result.

**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 arranged through the governments insurer (Comcare Australia).

**Note 2 Adoption of AASB Equivalents to International Financial Reporting Standards from 2005-2006**

The Australian Accounting Standards Board has issued replacement Australian Accounting Standards to apply from 2005-06. The new standards are the AASB Equivalents to International Financial Reporting Standards (IFRSs) which are issued by the International Accounting Standards Board. The new standards cannot be adopted early. The standards being replaced are to be withdrawn with effect from 2005-06, but continue to apply in the meantime.

It is expected that the Finance Minister will continue to require compliance with the Accounting Standards issued by the AASB including the AASB Equivalents to IFRSs, in the Orders for the Preparation of Agency Financial Statements for 2005-06 and beyond.

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The AASB Equivalents contain certain additional provisions which will apply to not-for-profit entities, including Australian Government agencies. Some of these provisions are in conflict with the IFRSs and therefore the AFP will only be able to assert compliance with the AASB Equivalent to the IFRS.

Existing AASB standards that have no IFRS equivalent will continue to apply, including in particular AAS 29 *Financial Reporting by Government Departments*.

Accounting Standard AASB 1047 *Disclosing the Impact of Adopting Australian Equivalents to IFRSs* requires that financial statements disclose:

- An explanation of how the transition to the AASB Equivalents is being managed, and
- A narrative of the key differences in accounting policies arising from the transition.

The purpose of this Note is to make these disclosures.

*Management of the transition from AASB Equivalents to IFRSs*

The AFP has taken the following steps in preparation for the implementation of AASB equivalents:

- The AFP's Finance Committee is tasked with oversight of the transition to and implementation of the AASB Equivalents to IFRSs. The Chief Financial Officer is formally responsible for the project and reports regularly to the Finance Committee.
- The following key steps have been either completed or are planned:
  - Identification of all major accounting policy differences between current AASB standards and the AASB Equivalents to IFRSs progressively to 30 June 2004.
  - Identification of system changes necessary to be able to report under the AASB equivalents, including those necessary to enable capture of data under both sets of rules for 2004-05, and the testing and implementation of those changes.
  - Preparation of a transitional balance sheet as at 1 July 2004, under AASB Equivalents, within three months of 30 June 2004.
  - Preparation of an AASB Equivalent balance sheet at the same time as the 30 June 2005 statements are prepared.
  - Meeting reporting deadlines set by Finance for 2005-06 balance sheet under AASB Equivalent Standards.
- Consultants have been engaged to assist with documentation of changes affecting AFP and provide assistance with implementation.

*Major changes in accounting policy*

Changes in accounting policies under AASB Equivalents are applied retrospectively i.e. as if the new policy had always applied. This rule means that a balance sheet prepared under AASB Equivalents must be made as at 1 July 2004, except as permitted in particular circumstances by AASB 1 *First-time Adoption of Australian Equivalents to*

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*International Financial Reporting Standards.* This will enable the 2005-06 financial statements to report comparatives under the AASB Equivalents also.

Changes to major accounting policies are discussed in the following paragraphs.

*Property plant and equipment*

It is expected that the Finance Minister's Orders will require property, plant and equipment assets carried at valuation in 2003-04 to be measured at up-to-date fair value from 2005-06. This is not dissimilar from the accounting policies currently in place for assets in AFP which, up to and including 2003-04, have been re-valued to fair value progressively over a three year cycle.

*Intangible assets*

There is very little change to accounting policies covering intangible assets. The AFP currently recognises internally-developed and externally acquired software assets on a cost basis. AFP does not have any re-valued software in its asset register or any intangibles excluding software.

*Impairment of non-current assets*

The AFP's policy on impairment of non-current assets is at Note 1.12.

Under the new AASB Equivalent Standard, these assets will be subject to assessment for impairment and, if there are indications of impairment, measurement of any impairment. (Impairment measurement must also be done, irrespective of any indications of impairment, for intangible assets not yet available for use). The impairment test is that the carrying amount of an asset must not exceed the greater of (a) its fair value less costs to sell and (b) its value in use. 'Value in use' is the net present value of net cash flows for for-profit assets, the AFP holds the depreciated replacement cost for other assets which would be replaced if the AFP were deprived of them.

*Inventory*

The AFP recognises inventory not held for resale at cost, except where no longer required, in which case net realisable value is applied. Cost is assigned to individual items of inventory using the weighted average basis.

The new AASB Equivalent will require inventory held for distribution for no consideration or at a nominal amount to be carried at the lower of cost or current replacement cost.

*Employee benefits*

The current policy requires the provision for long service leave to be measured at the present value of estimated future cash inflows using market yields as at the reporting date on national government bonds.

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Under the new AASB Equivalent standard, the same discount rate will be used unless there is a deep market in high quality corporate bonds, in which case the market yield on such bonds must be used.

*Provision for Lease Restorations*

The current policy requires the provision for lease restoration to be determined by the present value of estimated future payment using market yields in national government bonds as at the reporting date, and simultaneously expense the total restoration expenses (PV) to the period in which the lease liability was recognised.

Under the new AASB Equivalent, the provision is similarly measured but the Lease Restoration costs (PV), instead of being expensed, is capitalised on commencement of the lease and depreciated over the life of the lease.

*Provision for contingencies*

The current policy requires a liability to be recognised if there is a 50% probability of incurring an expense from a past transaction.

Under the new AASB Equivalent, a liability or asset is recognised only if the occurrence of the future event is virtually certain.

**Note 3 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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	2003-04 \$'000	2002-03 \$'000
<b>Note 4: Operating Revenues</b>		
<b>Note 4A: Revenues from Government</b>		
Appropriations for outputs	557,671	383,400
Resources received free of charge	807	298
<b>Total revenues from government</b>	<b>558,478</b>	<b>383,698</b>
<b>Note 4B: Goods and Services</b>		
Goods	19	37
Services	206,923	192,500
<b>Total sales of goods and services</b>	<b>206,942</b>	<b>192,537</b>
Provision of goods to:		
Related entities	3	26
External entities	16	11
<b>Total sales of goods</b>	<b>19</b>	<b>37</b>
Rendering of services to:		
Related entities	83,003	82,363
External entities	123,919	110,137
<b>Total rendering of services</b>	<b>206,923</b>	<b>192,500</b>
<b>Note 4C: Interest Revenue</b>		
Interest on deposits	1,089	3,370
<b>Note 4D: Net Gains from Disposal of Assets</b>		
Infrastructure, plant and equipment		
Proceeds from disposal	17	61
Net book value of assets disposed	(211)	(40)
Write-offs	-	-
<b>Net gain/(loss) from disposal of infrastructure, plant and equipment</b>	<b>(194)</b>	<b>21</b>
Total proceeds from disposals	17	61
Total value of assets disposed	(211)	(40)
<b>TOTAL net loss from disposal of assets</b>	<b>(194)</b>	<b>21</b>
<b>Note 4E: Reversals of Previous Asset Write-downs</b>		
Financial assets		
Doubtful debt received-receivable	70	14



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	2003-04	2002-03
	\$'000	\$'000
Note 4F- Other Revenues		
Handgun Buyback Scheme	1,427	-
AusAid Project	1,155	-
Indonesian Transnational Crime Centre	728	-
Motor vehicle recovery	11	1
Asset Recognition	209	2349
Other Misc Revenues	1,938	1554
	<u>5,468</u>	<u>3,904</u>

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	2003-04	2002-03
	\$'000	\$'000
<b>Note 5: Operating Expenses</b>		
<i>Note 5A: Employee Expenses</i>		
Wages and salaries	307,395	274,093
Superannuation	47,653	35,641
Leave and other entitlements	48,337	39,324
Separation and redundancies	568	1,246
Other employee expenses	2,669	2,383
<b>Total employment benefits expense</b>	<b>406,622</b>	<b>352,687</b>
Workers' compensation premiums	13,652	10,191
<b>Total employee expenses</b>	<b>420,273</b>	<b>362,858</b>
<i>Note 5B: Suppliers Expenses</i>		
Goods from related entities	8,700	3,269
Goods from external entities	28,416	16,461
Services from related entities	10,093	22,138
Services from external entities	125,007	100,920
Operating lease rentals *	44,288	41,604
Other	3,692	4,800
<b>Total supplier expenses</b>	<b>220,195</b>	<b>189,192</b>

\* These comprise minimum lease payments only

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	<b>2003-04</b>	<b>2002-03</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 5: Operating Expenses (cont.)</b>		
<i>Note 5C: Depreciation and Amortisation</i>		
<i>Depreciation</i>		
Other infrastructure, plant and equipment	<b>28,127</b>	21,205
Buildings	<b>123</b>	74
<i>Total Depreciation</i>	<b>28,249</b>	21,279
<i>Amortisation</i>		
Intangibles - Computer software	<b>3,527</b>	3,082
<i>Total depreciation and amortisation</i>	<b>31,777</b>	24,361

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	<b>112</b>	64
Buildings on freehold land	<b>11</b>	10
Plant and equipment	<b>17,887</b>	13,769
Leasehold improvements	<b>10,240</b>	7,436
Intangibles - Computer software	<b>3,527</b>	3,082
<i>Total depreciation and amortisation</i>	<b>31,777</b>	24,361

No depreciation or amortisation was allocated to the carrying amounts of other assets.

*Note 5D: Write Down of Assets*

**Financial assets**

Bad and doubtful debts expense	<b>184</b>	170
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**Non-financial assets**

Plant & equipment - write down	-	-
Plant & equipment - write-off on disposal	<b>87</b>	548
Intangibles - write-off	<b>3,508</b>	-
Provision for obsolete inventories	<b>26</b>	118
<i>Total write-down of assets</i>	<b>3,804</b>	836

## AUSTRALIAN FEDERAL POLICE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

	2003-04	2002-03
	\$'000	\$'000
<b>Note 6: Competitive Neutrality Expense</b>		
Payroll tax equivalence	3,545	3,207
Income tax equivalence	3,151	2,489
	6,695	5,696
Income tax equivalence - Prior year adjustment	-	1,214
<b>Total competitive neutrality expense</b>	<b>6,695</b>	<b>6,910</b>

**Note 7: Business Operations**

For 2002-2003 the Australian Protective Service operated as a business operation of the Australian Federal Police. During 2003-04 the determination requiring the reporting as a business operation was revoked and 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 22B.

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	2003-04	2002-03
	\$'000	\$'000
<b>Note B: Financial Assets</b>		
<b>Note BA: Cash</b>		
Cash at bank and on hand	59,747	71,701
<b>Total cash</b>	<b>59,747</b>	<b>71,701</b>

Under banking arrangements in place up to 1 July 2003, monies in the AFP's bank accounts were swept into the Official Public Account nightly and earned interest on the daily balance at rates based on money market call rates. Since 1 July 2003, no interest has been earned on the AFP's bank balances.

<b>Note BB: Receivables</b>		
Goods and services	13,676	23,504
Less: Provision for doubtful debts	(334)	(229)
	<b>13,342</b>	<b>23,275</b>
GST receivable from the Australian Taxation Office	1,282	1,893
<b>Total receivables (net)</b>	<b>14,624</b>	<b>25,168</b>

All receivables are current assets.

Appropriations receivable undrawn are appropriations controlled by the AFP but held in the Official Public Account under the Government's just-in-time drawdown arrangements.

Receivables (gross) are aged as follows:

Not Overdue	13,477	23,688
Overdue by:		
Less than 30 days	760	918
30 to 60 days	126	188
60 to 90 days	251	130
More than 90 days	343	473
	<b>1,481</b>	<b>1,709</b>
<b>Total receivables (gross)</b>	<b>14,958</b>	<b>25,397</b>

The provision for doubtful debts is aged as follows:

Not Overdue	-	-
Overdue by:		
Less than 30 days	-	(3)
30 to 60 days	-	(7)
60 to 90 days	(4)	(13)
More than 90 days	(330)	(208)
<b>Total provision for doubtful debts</b>	<b>(334)</b>	<b>(229)</b>

**Note BC: Other Receivables**

Accrued income	341	39
Cash transferred to the Official Public Account	159,084	-
Other debitors	2,089	7,835
<b>Total other receivables</b>	<b>161,434</b>	<b>7,870</b>

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	<b>2003-04</b>	<b>2002-03</b>
	<b>\$'000</b>	<b>\$'000</b>
Other receivables are represented by:		
Current *	<b>161,434</b>	7,668
Non-current	<b>-</b>	262
	<b>161,434</b>	<b>7,870</b>

\* This includes \$159m Cash transferred to the Official Public Account

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	2003-04 \$'000	2002-03 \$'000
<b>Note 9: Non-financial Assets</b>		
<b>Note 9A - Land and Buildings</b>		
<b>Freehold land</b>		
- at June 2001 valuation (deprival)	-	102
- at June 2004 valuation (fair value)	132	-
<b>Total freehold land</b>	<b>132</b>	<b>102</b>
<b>Buildings on freehold land</b>		
- at June 2001 valuation (deprival)	-	380
- at June 2004 valuation (fair value)	491	-
- Accumulated depreciation	(127)	(123)
<b>Total buildings on freehold land</b>	<b>273</b>	<b>257</b>
<b>Leasehold land</b>		
- at 2000-2001 valuation (deprival)	-	20
- at 2003 valuation (fair value)	-	100
- at 2004 valuation (fair value)	130	-
<b>Total leasehold land</b>	<b>130</b>	<b>120</b>
<b>Buildings on leasehold land</b>		
- at 2000-01 valuation (deprival)	-	45
- at 2003 valuation (fair value)	-	2,214
- at 2004 valuation (fair value)	2,233	-
- at cost	1,317	-
- Accumulated amortisation	(112)	(68)
<b>Total buildings on leasehold land</b>	<b>3,438</b>	<b>2,191</b>
<b>Total Land and Buildings</b>	<b>3,974</b>	<b>2,670</b>
<b>Note 9B: Infrastructure, Plant and Equipment</b>		
<b>Infrastructure, plant and equipment</b>		
- at cost	9,803	55,509
- Accumulated depreciation	(2,232)	(17,073)
	<b>7,571</b>	<b>38,436</b>
- at 2000-01 valuation	-	82,388
- at 2003 valuation (fair value)	-	4,760
- at 2004 valuation (fair value)	103,152	-
- Accumulated depreciation	(30,275)	(44,608)
	<b>72,877</b>	<b>42,540</b>
<b>Total Infrastructure, Plant and Equipment (non-current)</b>	<b>80,448</b>	<b>80,976</b>

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	2003-04	2002-03
	\$'000	\$'000
<b>Note 9C: Intangibles</b>		
Computer software:		
- Purchased (including modification costs)	7,720	7,614
- Accumulated amortisation	(4,528)	(3,524)
	<u>3,192</u>	<u>4,090</u>
- Internally developed	19,034	20,155
- Accumulated amortisation	(8,433)	(6,150)
	<u>10,601</u>	<u>14,005</u>
<b>Total Intangibles</b>	<u>13,793</u>	<u>18,095</u>

Computer software is recorded at cost. Internally developed software and modifications to purchased software includes related employee expenses and administrative expenses.

All revaluations are independent and are conducted in accordance with the revaluation policy stated as note 1.

Fair valuation was conducted by an independent valuer (Australian Valuation Office).

Assets purchased after the valuation date are deemed to be at fair value.

Non revalued classes of assets are disclosed at cost.



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Item 52: 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	Total Land & Buildings	Plant & Equipment	Computer Software	TOTAL
	Y 2003	Y 2003	Y 2003	Y 2003	Y 2003	Y 2003
As at 1 July 2003						
Gross book value	222	2,634	2,856	142,630	27,779	173,286
Accumulated depreciation/amortisation	n/a	(193)	(193)	(62,683)	(9,674)	(71,547)
Net book value	222	2,443	2,665	80,946	18,105	101,541
Additions						
by purchase	-	1,296	1,296	30,639	4,596	36,532
from restructure	-	-	-	-	-	-
Net revaluation increment (decrement)	40	13	53	60,212	-	(60,159)
Depreciation/amortisation expense	n/a	(123)	(123)	(26,127)	(3,329)	(31,778)
Adjustment	-	-	-	(1,575)	-	(1,575)
Transfers	-	-	-	1,930	(1,965)	(35)
Write-downs	-	-	-	-	(3,500)	(3,500)
Adjustments (depreciation/amortisation)	-	-	-	-	30	30
Revaluation adjustment (depreciation)	-	75	75	35,931	-	36,006
Transfers (depreciation/amortisation)	-	-	-	(68)	68	-
Write-downs (depreciation/amortisation)	-	-	-	-	-	-
Restructure (depreciation/amortisation)	n/a	-	-	-	-	-
Disposals						
Write-offs	-	-	-	-	-	-
Disposals	-	-	-	(1,879)	123	(2,602)
Write-offs (depreciation/amortisation)	-	-	-	-	-	-
Disposals (depreciation/amortisation)	-	-	-	1,391	123	1,714
As at 30 June 2004						
Gross book value	262	3,685	3,947	192,399	26,374	243,786
Accumulated depreciation/amortisation	n/a	(239)	(239)	(32,351)	(12,982)	(45,571)
Net book value	262	3,712	3,973	160,048	13,392	183,215

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Note 5D: Analysis of Property, Plant, Equipment and Intangibles (contd)

TABLE B - Assets at valuation

Item	Land	Buildings	Total Land & Buildings	Plant & Equipment	Computer Software	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 30 June 2004</b>						
Gross value	262	2,634	2,896	103,152	-	106,048
Accumulated depreciation/amortisation	n/a	(239)	(239)	(30,275)	-	(30,514)
<b>Net Book Value</b>	<b>262</b>	<b>2,394</b>	<b>2,656</b>	<b>72,877</b>	<b>-</b>	<b>75,534</b>
<b>As at 30 June 2003</b>						
Gross value	222	2,639	2,861	87,148	-	90,009
Accumulated depreciation/amortisation	n/a	(189)	(189)	(44,608)	-	(44,797)
<b>Net Book Value</b>	<b>222</b>	<b>2,450</b>	<b>2,672</b>	<b>42,540</b>	<b>-</b>	<b>45,212</b>

2003-04  
\$'000

2002-03  
\$'000

Note 9E: Other Non-Financial Assets

Prepayments		
Other	12,414	11,596
Intangibles	-	-
Inventories not held for resale	340	81
Lease Provision for obsolete stock	1280	(63)
<b>Total other non-financial assets</b>	<b>12,726</b>	<b>11,271</b>

All other non-financial assets are current assets.

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	2003-04 \$'000	2002-03 \$'000
<b>Note 10: Provisions</b>		
<b>Note 10A: Capital Use Charge Provision</b>		
Capital use charge	-	-
Balance owing 1 July	-	-
Capital use charge provided for during the period	-	9,909
Capital use charge paid	-	(9,909)
Balance owing 30 June	-	-
<b>Note 10B: Employee Provisions</b>		
Salaries and wages	3,558	9,580
Leave	89,719	81,215
Superannuation	404	1,116
Separations and redundancies	63	118
Other	2,974	5,680
<b>Aggregate employee entitlement liability</b>	<b>96,718</b>	<b>97,709</b>
Workers' compensation	871	184
<b>Aggregate employee entitlement liability and related on-costs</b>	<b>97,589</b>	<b>97,893</b>
Current	42,247	48,229
Non-current	55,342	49,664
<b>Note 10C: Other Provisions</b>		
Provision for restoration of leased properties	12,982	8,552
Provision for Disposal Expenses	1,615	-
Provision for Legal Settlements	1,435	-
	<b>16,032</b>	<b>8,552</b>
<b>Total other provisions</b>	<b>16,032</b>	<b>8,552</b>
<b>Note 11: Payables</b>		
<b>Note 11A: Supplier Payables</b>		
Trade creditors	31,101	22,871
Operating lease rentals	320	249
Lease Incentives	315	573
<b>Total supplier payables</b>	<b>31,737</b>	<b>23,693</b>
Supplier payables are represented by:		
Current	31,596	23,378
Non-current	141	315
<b>Total supplier payables</b>	<b>31,737</b>	<b>23,693</b>
Settlement is usually made net 30 days.		

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	2003-04	2002-03
	\$'000	\$'000
<b>Note 11B: Other Payables</b>		
Unearned income	3,035	1,721
GST Payable to ATO (net)	476	-
Other	62	751
<b>Total other payables</b>	<b>3,573</b>	<b>2,472</b>

All other payables are current liabilities.

**Note 11C: Dividend Payable**

Dividend	2,175	4,321
Balance owing 1 July	4,321	1,650
Dividend provided for during the period	3,041	2,903
Dividend - prior year adjustment *	-	1,417
Dividend paid to DoFA	(4,321)	(1,650)
Interest receivable offset	(865)	-
<b>Balance owing 30 June</b>	<b>2,175</b>	<b>4,321</b>

The dividend payable is a current liability.

**Note 11D: Competitive Neutrality Payable**

Competitive neutrality provision - payroll and corporate tax equivalence	619	4,477
Balance owing 1 July	4,477	1,260
Payroll and corporate tax equivalence provided for during the period	6,695	5,699
Payroll and corporate tax equivalence - prior year adjustment *	-	1,215
Payroll and corporate tax paid to DoFA	(10,554)	(3,693)
<b>Balance owing 30 June</b>	<b>619</b>	<b>4,477</b>

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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

## Note 12: Equity

## Note 12A: Analysis of Equity

	Accumulated Results		Asset Revaluation Reserves		Contributed Equity		TOTAL EQUITY	
	2003-04 \$'000	2002-03 \$'000	2003-04 \$'000	2002-03 \$'000	2003-04 \$'000	2002-03 \$'000	2003-04 \$'000	2002-03 \$'000
Opening balance as at 1 July	(74,253)	(72,379)	17,256	13,791	133,340	125,043	76,344	66,455
Net surplus/(deficit)	89,103	(604)	-	-	-	-	89,103	(604)
Net revaluation increments/(decrements)	-	-	(4,151)	2,577	-	-	(4,151)	2,577
Decrease in accumulated results on application of nominal amounts expected to be settled within 12 months of reporting date under CASB 1078	-	-	-	-	-	-	-	-
Employee Benefits	-	(374)	-	-	-	-	-	(374)
<b>Transactions with owner:</b>								
Distributions to owner								
Returns on capital								
Dividend - prior year adjustment	-	(1,417)	-	-	-	-	-	(1,417)
Dividends	(3,041)	(2,903)	-	-	-	-	(3,041)	(2,903)
Capital Use Charge	-	(9,909)	-	-	-	-	-	(9,909)
Returns of capital								
Restructuring	-	-	-	-	-	-	-	-
Returns of contributed equity	-	-	-	-	(14,400)	(449)	(14,400)	(449)
<b>Contributions by owner:</b>								
Appropriations (equity injections)	-	-	-	-	\$1,171	4,876	\$1,171	4,876
Adjustments	(8)	-	-	-	-	-	(8)	-
Restructuring	-	13,534	-	889	-	3,872	-	13,094
Transfers	-	-	-	-	-	-	-	-
Closing balance as at 30 June	11,804	(74,253)	13,106	17,256	170,111	133,340	195,021	76,344
					2003-04 \$'000		2002-03 \$'000	

## Note 12B: 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	-	44,593
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.

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	2003-04	2002-03
	\$'000	\$'000
<b>Note 13: Cash Flow Reconciliation</b>		
<b>Reconciliation of cash per Statement of Financial Position to Statement of Cash Flows</b>		
Cash at year end per Statement of Cash Flows	59,747	71,701
Statement of Financial Position items comprising above:		
cash: Financial Asset - Cash	59,747	71,701
<b>Reconciliation of net surplus to net cash provided from operating activities:</b>		
Net surplus/(deficit)	89,103	(604)
Return of contributed equity	(14,400)	
Depreciation/amortisation	31,777	24,361
Net write down of non-financial assets	3,595	549
Asset recognition	(633)	(2,349)
Gain on disposal of assets	(1)	(48)
Loss on disposal of assets	195	24
(Increase)/decrease in inventories	(237)	131
Provision for doubtful debts	65	45
(Increase)/decrease in net receivables	14,634	(2,550)
(Increase)/decrease in prepayments	(1,216)	52,091
Increase/(decrease) in employee liabilities	(304)	5,399
Increase/(decrease) in other provisions	7,480	(313)
Increase/(decrease) in supplier payables	8,338	(4,132)
Increase/(decrease) in other liabilities	(2,567)	3,210
<b>Net cash from (used by) operating activities</b>	<b>135,828</b>	<b>75,816</b>

**AUSTRALIAN FEDERAL POLICE**  
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**Note 14: Contingent Liabilities and Assets**

*Quantifiable Contingencies*

The Schedule of Contingencies reports contingent liabilities in respect of claims for damages/costs of \$1.195m (2003: \$3.310m). The amount represents an estimate of the AFP's liability based on precedent cases. The AFP is defending the claims.

We did not recognise this as a liability as we believed that the probability of unfavourable outcome is less likely rather than more likely.

*Remote Contingencies*

a) The AFP currently has a small number of pending claims/recovery 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. The potential liability from the pending claims is estimated to be \$130,000 and the potential gain from recovery is \$250,000.

b) There are several unfunded indemnities issued by the AFP relating to property leases for contingent accidental damages. As at balance date, no indemnities have been called upon.

*Unquantifiable Contingencies*

As at 30 June 2004, 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.

**AUSTRALIAN FEDERAL POLICE  
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	2003-04 Number	2002-03 Number
<b>Note 15: Executive Remuneration</b>		
The number of Executives who received or were due to receive total remuneration of \$100,000 or more:		
\$100,000 to \$109,999	-	2
\$110,000 to \$119,999	1	3
\$120,000 to \$129,999	-	-
\$130,000 to \$139,999	2	-
\$140,000 to \$149,999	3	4
\$150,000 to \$159,999	8	6
\$160,000 to \$169,999	11	11
\$170,000 to \$179,999	5	5
\$180,000 to \$189,999	4	5
\$190,000 to \$199,999	1	5
\$200,000 to \$209,999	2	2
\$210,000 to \$219,999	3	1
\$220,000 to \$229,999	1	1
\$230,000 to \$239,999	1	-
\$240,000 to \$249,999	-	1
\$250,000 to \$259,999	1	-
\$260,000 to \$269,999	-	-
\$280,000 to \$289,999	-	-
\$310,000 to \$319,999	1	-
\$330,000 to \$339,999	-	1
\$380,000 to \$389,999	1	-

The aggregate amount of total remuneration of executives shown above. **\$8,156,661** \$8,113,535

The aggregate amount of separation and redundancy payments during the year to executives shown above. - \$280,946

Compensation in lieu of notice only **\$150,497** -

**Note 16: 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: **\$317,000** \$297,500

Additional services provided and charged by the Auditor-General: **\$136,165** \$83,000



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	<b>2003-04</b>	<b>2002-03</b>
	<b>Number</b>	<b>Number</b>
<b>Note 17: Average Staffing Levels</b>		
The average staffing levels for the AFP during the year were:	<u>4,651</u>	<u>4,505</u>
	\$	\$
<b>Note 18: Special Payments</b>		
1 'Act of Grace' payment was made during the reporting period, and there are no amounts owing at year end.	<u>1,606</u>	<u>-</u>
No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the Financial Management and Accountability Act 1997. (2003: Nil)	<u>-</u>	<u>-</u>
No payments were made under the Defective Administration Scheme during the reporting period. (2003: Nil)	<u>-</u>	<u>-</u>
No payments were made under s73 of the Public Service Act 1999 during the reporting period. (2003: Nil)	<u>-</u>	<u>-</u>
No 'Ex Gratia' payments were made during the reporting period, and there are no amounts owing at year end. (2003: Nil)	<u>-</u>	<u>-</u>

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**Note 19: Financial Instruments**

**Note 19A: Net Fair Values of Financial Assets and Liabilities**

Financial Instrument	Notes	Floating Interest Rate	Fixed Interest Rate Maturing in					New Interest Bearing	Total	Weighted Average Effective Interest Rate
			1 year or less	1 to 2 years	2 to 5 years	3 to 5 years	> 5 years			
		03-04 \$'000	02-03 \$'000	03-04 \$'000	02-03 \$'000	03-04 \$'000	02-03 \$'000	03-04 \$'000	02-03 \$'000	03-04 \$'000
<b>Financial Assets</b>										
Cash at bank	8A	-	-	-	-	-	-	58,747	71,700	2.0
Receivables for goods and services (gross)	8D	-	-	-	-	-	-	14,958	25,397	n/a
Debt provisions for doubtful debts	8D	-	-	-	-	-	-	(334)	(334)	n/a
Other	8C	-	-	-	-	-	-	161,434	7,870	n/a
<b>Total</b>		-	-	-	-	-	-	215,865	104,729	n/a
<b>Total Assets</b>								346,748	217,731	
<b>Financial Liabilities</b>										
Lease restructurings	10C	-	-	-	-	-	-	12,982	8,552	n/a
Provision for disposal expenses	10C	-	-	-	-	-	-	1,615	-	n/a
Provision for legal settlement	10C	-	-	-	-	-	-	1,435	-	n/a
Trade creditors	11A	-	-	-	-	-	-	31,101	22,603	n/a
Operating Lease Rentals	11A	-	-	-	-	-	-	320	240	n/a
Lease liabilities	11A	-	-	-	-	-	-	315	403	n/a
Other	11B	-	-	-	-	-	-	3,873	2,557	n/a
Dividend payable	11C	-	-	-	-	-	-	2,175	4,321	n/a
Competitive neutrality payable	11D	-	-	-	-	-	-	619	4,477	n/a
<b>Total</b>		-	-	-	-	-	-	54,136	43,327	n/a
<b>Total Liabilities</b>								151,725	141,408	

**AUSTRALIAN FEDERAL POLICE**  
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**Note 19: Financial Instruments (cont.)**

**Note 19B: Net Fair Values of Financial Assets and Liabilities**

	Notes	2003-04		2002-03	
		Total Carrying Amount	Aggregate Net Fair Value	Total Carrying Amount	Aggregate Net Fair Value
		\$'000	\$'000	\$'000	\$'000
<b>Departmental</b>					
<b>Financial Assets</b>					
Cash at bank	8A	59,747	59,747	71,701	71,701
Receivables for goods and services (gross)	8B	14,958	14,958	25,397	25,397
less Provision for Doubtful Debts	8B	(334)	(334)	(229)	(229)
Other	8C	161,434	161,434	7,870	7,870
<b>Total Financial Assets</b>		<b>235,805</b>	<b>235,805</b>	<b>104,739</b>	<b>104,739</b>
<b>Financial Liabilities (Recognised)</b>					
Lease restorations	10C	12,982	12,982	8,552	8,552
Provision for disposal expenses	10C	1,615	1,615	-	-
Provision for legal Settlements	10C	1,435	1,435	-	-
Trade creditors	11A	31,101	31,101	22,871	22,871
Operating Lease Rentals	11A	320	320	249	249
Lease incentives	11A	315	315	488	488
Other	11B	3,573	3,573	2,557	2,557
Dividend payable	11C	2,175	2,175	4,321	4,321
Competitive neutrality payable	11D	619	619	4,477	4,477
<b>Total Financial Liabilities (Recognised)</b>		<b>54,136</b>	<b>54,136</b>	<b>43,515</b>	<b>43,515</b>

**Financial Assets**

The net fair values of cash and non-interest-bearing monetary financial assets approximate their carrying amounts.

**Financial Liabilities**

The net fair values of the lease incentive liabilities are based on discounted cash flows using current interest rates for liabilities with similar risk profiles.

The net fair values for trade creditors approximate their carrying amounts.

The net fair values of the liability associated with the disposal of seized vessel represent the carrying amounts.

The net fair values of the liability associated with legal settlement represent the carrying amounts.

The net fair values of indemnities are regarded as nil as the likelihood of any part of it being called upon is regarded as remote.

**AUSTRALIAN FEDERAL POLICE****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS***for the year ended 30 June 2004*

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**Note 19: Financial Instruments (cont.)****Note 19C: 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 Position.

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.

**AUSTRALIAN FEDERAL POLICE**  
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**Note 20: Appropriations**

Item 20A: *Authority to Draw Cash from the Consolidated Revenue Fund (Appropriations) from Note 1 and 2*

Particulars	Departmental Outputs
<b>Year ended 30 June 2004</b>	\$000
Balance carried forward from previous year	36,612
Appropriation Act (No 1) 2003-04 - basic appropriation	415,668
Appropriation Act (No 3) 2003-04 - basic appropriation	142,003
Adjustments determined by the Finance Minister (FMAA s32)	-
Advance to the Finance Minister	-
Refunds credited (FMAA s30)	-
GST credits (FMAA s30A)	17,383
Annotations to 'net appropriations' (FMAA s31)	(12,273)
<b>Total Appropriations available for payments</b>	<b>723,999</b>
<b>Payments made (GST inclusive)</b>	<b>578,157</b>
<b>Balance carried forward to next year</b>	<b>145,782</b>
<i>Represented by:</i>	
Cash at bank and on hand	38,158
Add: Appropriations not drawn from the OPA	-
Add: Funds held with OPA	881,193
Less Payable - Suppliers - GST portion	(16,718)
Add Receivable - Goods and Services - GST receivable from customers	306
Add: Receivables - Goods and Services - GST receivable from customers	1,404
Add: Return of contributed equity	14,408
Less: Other payables - Net GST payable to ATO	-
Less: Payable - Suppliers - GST portion	-
<b>Total</b>	<b>145,782</b>
<b>Year ended 30 June 2003</b>	
Balance carried forward from previous year	(3,234)
Adjustment to opening balance 1	20,000
Balance carried forward from APS	-
Appropriation Act (No 1) 2002-03 - basic appropriation	377,308
Appropriation Act (No 3) 2002-03 - basic appropriation	8,881
Adjustments determined by the Finance Minister (FMAA s32)	(2,556)
Advance to the Finance Minister	-
Refunds credited (FMAA s30)	-
GST credits (FMAA s30A)	15,698
Annotations to 'net appropriations' (FMAA s31)	(98,278)
<b>Total Appropriations available for payments</b>	<b>324,567</b>
<b>Payments made (GST inclusive)</b>	<b>487,934</b>
<b>Balance carried forward to next year</b>	<b>16,612</b>
<i>Represented by:</i>	
Cash at bank and on hand	34,718
Add: Appropriations not drawn from the OPA	-
Add: Receivables - Goods and Services - GST receivable from customers	1,893
Add: Return of contributed equity	-
Less: Other payables - Net GST payable to ATO	-
Less: Payable - Suppliers - GST portion	-
<b>Total</b>	<b>36,612</b>
<i>Reconciliation for Appropriation Acts (Nos 1 and 3)</i>	
Paid to the entity from the OPA	343,273
Add: Appropriations not drawn from the OPA	14,408
Add: Finance Minister reduction of Appropriations in current year	-
Add: Administered Appropriation lodged in current year	-
<b>Total</b>	<b>357,671</b>

1 An adjustment has been made to the opening balance due to the inadvertent exclusion of investments at 30 June 2002.

**AUSTRALIAN FEDERAL POLICE**  
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**Note 20: Appropriations**

*Note 20B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (Appropriations) from Acts 2 and 4*

Particulars	Capital			Total
	Departmental			
	Equity	Loans	Carryovers	
	\$	\$	\$	\$
<b>Year ended 30 June 2004</b>				
Balance carried from previous year	28,851	-	-	28,851
Appropriation Act (No 2) 2003-04	-	-	-	-
Appropriation Act (No 4) 2003-04	51,020	-	-	51,020
Adjustments determined by the Finance Minister	-	-	-	-
Advance to the Finance Minister	-	-	-	-
Refunds credited (FMAA s30)	-	-	-	-
GST credits (FMAA s30A)	35	-	-	35
Transfer to/from other agencies (FMAA s32)	-	-	-	-
Available for payments	79,906	-	-	79,906
Payments made (GST inclusive)	21,845	-	-	21,845
<b>Balance carried to next year</b>	<b>58,060</b>	<b>-</b>	<b>-</b>	<b>58,060</b>
<b>Represented by:</b>				
Cash	3,280	-	-	3,280
Add: Return of Contributed Equity	-	-	-	-
Appropriation receivable	-	-	-	-
Receivable from Department of Finance and Administration	54,780	-	-	54,780
<b>Total</b>	<b>58,060</b>	<b>-</b>	<b>-</b>	<b>58,060</b>
<b>Year ended 30 June 2003</b>				
Balance carried from previous year	16,081	-	-	16,081
Adjustment to opening balance <sup>1</sup>	11,838	-	-	11,838
Appropriation Act (No 2) 2002-03	4,876	-	-	4,876
Appropriation Act (No 4) 2002-03	-	-	-	-
Adjustments determined by the Finance Minister	-	-	-	-
Advance to the Finance Minister	-	-	-	-
Refunds credited (FMAA s30)	-	-	-	-
GST credits (FMAA s30A)	-	-	-	-
Other annotations	106	-	-	106
Transfer to/from other agencies (FMAA s32)	(449)	-	-	(449)
Available for payments	32,451	-	-	32,451
Payments made	3,601	-	-	3,601
<b>Balance carried to next year</b>	<b>28,851</b>	<b>-</b>	<b>-</b>	<b>28,851</b>
<b>Represented by:</b>				
Cash	22,462	-	-	22,462
Appropriation receivable	5,000	-	-	5,000
Receivable from Department of Finance and Administration	1,389	-	-	1,389
<b>Total</b>	<b>28,851</b>	<b>-</b>	<b>-</b>	<b>28,851</b>

<sup>1</sup> 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.

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**Note 28: Appropriations**

Note 29C: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations (Unlimited Amount)

Particulars of legislation providing appropriation (including purpose)	2004	2003
	Outcome 1	
	\$	\$
<i>Legislation: Australian Federal Police Act 1979 - section 54(6)</i>		
<i>Purpose: Amounts payable under superannuation orders for persons convicted of a corruption offence</i>		
Budget estimate	-	-
Payments made	-	-
Appropriations credited to Special Accounts	-	-
Refunds credited (section 30)	-	-

Particulars of legislation providing appropriation (including purpose)	2004	2003
	Outcome 1	
	\$	\$
<i>Legislation: Financial Management and Accountability Act 1987 - section 28(2)</i>		
<i>Purpose: Repayments required or permitted by law (where no other appropriation for repayment exists)</i>		
Budget estimate	-	-
Payments made	-	-
Appropriations credited to Special Accounts	-	-
Refunds credited (section 30)	-	-

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	2004	2003
	\$	\$

**Note 21A: Special Accounts**

**Other Trust Monies Account**

*Legal Authority: Section 20 of the Financial Management and Accountability Act 1997*

*Purpose: For the receipt of moneys temporarily held in trust or otherwise for the benefit of a person other than the Commonwealth.*

**AFP Official Exhibit & Seized Monies and Manual Cheque Issue Exempt SPM Account**

Balance brought forward from previous year	1,234,437	388,884
Add: Adjustment to opening Balance	(8,410)	26
Add: Receipts during the year	1,103,191	3,081,563
	2,331,212	3,470,473
Less: Payments made during the year	1,180,600	2,236,036
<b>Balance carried forward to next year</b>	<b>1,150,612</b>	<b>1,234,437</b>
<i>Represented by:</i>		
Cash at bank	1,150,612	1,234,437

*Legal Authority: Section 20 of the Financial Management and Accountability Act 1997*

*Purpose: For the receipt of moneys temporarily held in trust or otherwise for the benefit of a person other than the Commonwealth.*

**AFP Official MPR & Warrants and Manual Cheque Issue SPM Accounts**

Balance brought forward from previous year	11,298	5,695
Add: Adjustment to opening Balance	(8,398)	-
Add: Receipts during the year	168,814	298,384
	171,114	304,079
Less: Payments made during the year	161,673	292,781
<b>Balance carried forward to next year</b>	<b>9,441</b>	<b>11,298</b>
<i>Represented by:</i>		
Cash at bank	9,441	11,298



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	2004	2003
	\$	\$
<i>Legal Authority: Section 20 of the Financial Management and Accountability Act 1997</i>		
<i>Purpose: For the receipt of moneys temporarily held in trust or otherwise for the benefit of a person other than the Commonwealth.</i>		
<b>AFP Official Salary Packaging Exempt SPM Account</b>		
Balance brought forward from previous year	2,311,999	1,789,012
Add: Adjustment to opening Balance	(180,925)	-
Add: Receipts during the year	5,366,817	10,149,263
	7,437,891	11,938,275
Less: Payments made during the year	6,801,418	9,596,276
<b>Balance carried forward to next year</b>	<b>636,473</b>	<b>2,311,999</b>
<i>Represented by:</i>		
Cash at bank	636,473	2,311,999

**Services for other Governments and Non-Agency Bodies Account**

*Legal Authority: Section 20 of the Financial Management and Accountability Act 1997*

*Purpose: For the payment of moneys in connection with services performed on behalf of other governments and non-agency bodies.*

**AFP Official National Police Memorial Exempt SPM Trust Account**

Balance brought forward from previous year	-	-
Add: Adjustment to opening balance	-	-
Add: Receipts during the year	163,534	-
	163,534	-
Less: Payments made during the year	-	-
<b>Balance carried forward to next year</b>	<b>163,534</b>	<b>-</b>
<i>Represented by:</i>		
Cash at bank	163,534	-

*Legal Authority: Section 20 of the Financial Management and Accountability Act 1997*

*Purpose: For the payment of moneys in connection with services performed on behalf of other governments and non-agency bodies.*

**AFP Official Concave SPM Trust Account**

Balance brought forward from previous year	402,969	244,498
Add: Adjustment to opening balance	(2,317)	-
Add: Receipts during the year	3,140,879	3,331,288
	3,541,832	3,575,786
Less: Payments made during the year	2,386,709	3,172,817
<b>Balance carried forward to next year</b>	<b>1,154,823</b>	<b>402,969</b>
<i>Represented by:</i>		
Cash at bank	1,154,823	402,969

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	2004 \$	2003 \$
<b>Australian Protective Service Account</b>		
<i>Legal Authority: Section 20 of the Financial Management and Accountability Act 1997</i>		
<i>Purpose: For expenditure in connection with the provision of guarding and related security services consistent with the Government's interest.</i>		
This account is interest bearing (for 02/03 only)	2004 \$	2003 \$
Balance carried from previous year	20,260,626	24,234,294
Appropriation	55,469,000	31,629,000
Cost recovered from non government sector		
Services-Rendering of services to external entities	25,063,213	21,674,054
Other receipts:		
Services-Rendering of services to related entities	88,986,385	68,015,918
Interest amounts credited	-	790,414
GST credits (FMAA CDA)	20,200	96,552
Asset disposal proceeds	1,920	9,400
Available for payments	189,801,344	146,449,632
Payments made to employees	(92,771,662)	(77,280,537)
Payments made to suppliers	(32,191,286)	(36,175,577)
GST Payments	(6,076,822)	(5,932,987)
Payments made for competitive neutrality	(10,553,578)	(3,693,328)
Purchase of assets	(1,986,913)	(1,456,693)
Dividend payments	(4,320,689)	(1,040,834)
<b>Balance carried to next year</b>	<b>41,900,394</b>	<b>20,260,626</b>
Represented by:		
Cash-held by the entity	41,900,394	20,260,626
Add: Receivables - Goods and Services - GST Receivable from customers		
Less: Other payables - Net GST payable to the ATO		
Less: Payable - Suppliers - GST portion		
<b>Aggregate of Special Account Balance and Related Investments</b>	<b>41,900,394</b>	<b>20,260,626</b>

**AUSTRALIAN FEDERAL POLICE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year ended 30 June 2004*

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**Note 21B: Special Accounts**

**Law Enforcement Projects Account**

**Purpose:** For the expenditure of moneys on law enforcement projects selected for the purpose

*Legal Authority:* Section 20 of the Financial Management and Accountability Act 1997

*This special account was last reported in the 1999/2000 financial statements with a balance of \$262,173. The outstanding balance was transferred to the AFP main account in error in November 2001. A recent review of the account has found that the records of transactions associated with the 2000/2001 and 2001/2002 years are incomplete and as a consequence the remaining balance of the account is uncertain. There has been no activity for the last two financial years and the Special Account was officially closed on 23 June 2003 showing an incorrect zero balance. These anomalies are the subject of the "Other Statutory Matters" finding by the ANAO.*

*The AFP is discussing with the Department of Finance and Administration the appropriate mechanism to return the funds transferred to the AFP departmental account.*

**Purpose:** For the expenditure on law enforcement and related projects which are supported by sponsorships or donations as approved by the Commissioner of the Australian Federal Police and subject to any direction given from time to time by the Minister of Finance

*Legal Authority:* Section 20 of the Financial Management and Accountability Act 1997

*This special account was last reported in the 1999/2000 financial statements with a balance of \$42,304. The outstanding balance was transferred to the AFP main account in error in November 2001. A recent review of the account has found that the records of transactions associated with the 2000/2001 and 2001/2002 years are incomplete and as a consequence the remaining balance of the account is uncertain. There has been no activity for the last two financial years and the Special Account was officially closed on 23 June 2003 showing an incorrect zero balance. These anomalies are the subject of the "Other Statutory Matters" finding by the ANAO.*

*The AFP is discussing with the Department of Finance and Administration the appropriate mechanism to return the funds transferred to the AFP departmental account.*

**AUSTRALIAN FEDERAL POLICE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year ended 30 June 2004*

**Note 22: 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 22A: Net Cost of Outcome Delivery**

	Outcome 1		Outcome 2		Total	
	2004	2003	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental expenses	596,451	503,709	86,504	80,487	682,955	584,196
<b>Total expenses</b>	<b>596,451</b>	<b>503,709</b>	<b>86,504</b>	<b>80,487</b>	<b>682,955</b>	<b>584,196</b>
Costs recovered from provision of goods and services to the non-government sector						
Departmental	36,720	33,077	87,216	80,762	123,936	113,839
<b>Total costs recovered</b>	<b>36,720</b>	<b>33,077</b>	<b>87,216</b>	<b>80,762</b>	<b>123,936</b>	<b>113,839</b>
Other external revenues						
Departmental						
Interest on cash deposits	1,089	3,348	-	32	1,089	3,379
Revenue from disposal of assets	17	61	-	-	17	61
Other	5,530	227	-	-	5,530	227
Goods and services revenue from related entities	83,096	82,389	-	-	83,096	82,389
<b>Total Departmental</b>	<b>89,643</b>	<b>86,025</b>	<b>-</b>	<b>32</b>	<b>89,643</b>	<b>86,056</b>
<b>Total other external revenues</b>	<b>126,363</b>	<b>119,103</b>	<b>87,216</b>	<b>80,794</b>	<b>213,579</b>	<b>199,895</b>

The 2002/03 financial statements disclosed a nil balance for Goods and services revenue from related entities and disclosed the incorrect amount for Costs recovered from the provision of goods services to the non government sector. This has been corrected in the comparative figures for 2002/03 in the table above.

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. Also refer to the Outcome 1 Resourcing Table and the Outcome 2 Resourcing Table of this Annual Report.

Expenditure is attributed to Outcome 2 in accordance with the agreement with the ACT Government, primarily Activity Based Costing which utilises statistical analysis of individual Cost Centre activities to apportion costs to either Commonwealth or ACT Community Policing functions. Job Costing was used where the case or event was significant enough in size to warrant collection of costs at that level.

The methodology for the price of corporate overhead and support costs attributed to Outcome 2 was agreed between the AFP and the ACT Department of Justice and Community Safety as part of the 2001-02 Purchase Agreement negotiations and includes adjustments to service delivery and staffing in subsequent years.

The remainder of all expenditure is attributed to Outcome One. The AFP uses its Police 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.

**AUSTRALIAN FEDERAL POLICE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year ended 30 June 2004*

**Note 22: Reporting of Outcomes (cont.)**

**Note 22B: Major Departmental Revenue & Expenses by Output Group**

Outcome 1	Output Group 1.1		Output Group 1.2		Output Group 1.3		Output Group 1.4		Outcome 1 Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Departmental expenses</b>										
Employees	175,815	152,614	36,724	31,936	57,835	33,912	96,587	81,512	363,347	305,958
Suppliers	48,961	101,300	6,889	19,980	105,383	17,336	28,669	28,203	191,589	166,519
Depreciation and amortisation	-	-	-	-	-	-	1,516	1,239	36,794	23,207
Commonwealth Tax expenditure payment	-	18,562	6,727	2,837	5,964	3,119	3,151	3,703	3,151	3,703
State Tax Expenditure payment	-	-	-	-	-	-	3,545	3,207	3,545	3,207
Other expenses	2,413	-	-	410	-	-	227	293	4,618	611
<b>Total departmental expenses</b>	<b>247,189</b>	<b>272,906</b>	<b>43,512</b>	<b>40,663</b>	<b>169,183</b>	<b>53,267</b>	<b>135,965</b>	<b>116,717</b>	<b>699,853</b>	<b>503,588</b>
<b>Funded by:</b>										
Revenues from governments	293,138	251,464	63,233	63,427	135,705	93,062	51,951	31,729	544,878	383,697
Sale of goods and services	15,645	19,265	3,378	3,276	7,266	4,790	93,448	89,806	119,729	118,102
Other Revenues	2,992	-	445	-	1,366	-	3,613	-	6,656	-
<b>Total departmental revenues</b>	<b>311,775</b>	<b>270,729</b>	<b>67,056</b>	<b>66,703</b>	<b>144,337</b>	<b>101,812</b>	<b>147,955</b>	<b>111,335</b>	<b>671,263</b>	<b>501,799</b>
<b>Outcome 2</b>	<b>Output Group 2.1</b>	<b>Output Group 2.2</b>	<b>Output Group 2.3</b>	<b>Output Group 2.4</b>	<b>Output Group 2.5</b>	<b>Output Group 2.6</b>	<b>Output Group 2.7</b>	<b>Output Group 2.8</b>	<b>Outcome 2 Total</b>	<b>Outcome 2 Total</b>
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Departmental expenses</b>										
Employees	56,908	56,895	56,906	56,897	-	-	-	-	438,273	362,836
Suppliers	28,616	22,330	28,616	22,330	-	-	-	-	226,496	189,187
Depreciation and amortisation	983	1,039	983	1,039	-	-	-	-	31,277	26,366
Commonwealth Tax expenditure payment	-	-	-	-	-	-	-	-	3,451	3,703
State Tax Expenditure payment	-	-	-	-	-	-	-	-	3,545	3,207
Other expenses	-	-	-	-	-	-	-	-	4,815	611
<b>Total departmental expenses</b>	<b>86,507</b>	<b>80,262</b>	<b>86,506</b>	<b>80,262</b>	-	-	-	-	<b>697,058</b>	<b>585,543</b>
<b>Funded by:</b>										
Revenues from governments	-	-	-	-	-	-	-	-	544,878	383,697
Sale of goods and services	87,216	80,794	87,216	80,794	-	-	-	-	286,942	199,896
Other Revenues	-	-	-	-	-	-	-	-	6,656	-
<b>Total departmental revenues</b>	<b>87,216</b>	<b>80,794</b>	<b>87,216</b>	<b>80,794</b>	-	-	-	-	<b>797,476</b>	<b>583,593</b>

Outcomes 1 and 2 are described in Notes 1.1. Note 22B shows in bold the government costs that are eliminated in calculating the actual Budget outcome.

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