

AUSTRALIAN FEDERAL POLICE

ANNUAL REPORT

2004–05



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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 2004 to 30 June 2005.

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 complies with the Commonwealth Fraud Control Guidelines.

The reporting period has been marked with successes in the wide range of AFP activities. In many cases our results have been enhanced by an innovative approach to emerging issues along with our ongoing strong commitment to core business.

Our offshore successes have been built on a foundation of a whole-of-government approach combined with the support of our working partnerships with other Australian and international law enforcement agencies. These achievements have been made possible by the ongoing dedication and skill of the AFP's staff and their families whose support allows the AFP to improve its performance.

A handwritten signature in black ink, appearing to read 'M J Keelty', with a large loop at the end.

M J Keelty

16 September 2005

CONTENTS

Letter of transmittal.....	v
Chapter 1	
Executive review	2
National security	2
International focus	3
National focus.....	4
Strategic partnerships.....	4
Organisational focus.....	5
Conclusion	6
Overview of the AFP	6
Ministerial Direction	7
Overview of the reporting structure	7
Executive Management Board.....	8
Terms of reference of the Executive Management Board	8
Corporate Risk Management.....	8
 Chapter 2	
Outcome 1—National and international focus.....	15
Output 1.1 Investigation Services.....	15
Performance	
Intelligence	16
Intelligence functions.....	16
Asia Region Heads of Criminal Intelligence Working Group	17
Transnational Targeting Network.....	17
Counter-Terrorism Intelligence.....	17
National Threat Assessment Centre	17
Joint Counter-Terrorism Intelligence Coordination Unit	18
Protection Intelligence	18
Program AXIOM.....	18
Transnational Crime Coordination Centre.....	19
Australian National Child Offender Register	19
National Security Hotline	19
Counter-Terrorism	19
International counter-terrorism measures.....	19
Capacity building	21
Enhancing cooperation—Fighting Terrorism at its Source.....	21
Jakarta Centre for Law Enforcement Cooperation	22
Family Investigative Liaison Officer Program.....	22
Domestic counter-terrorism measures.....	22
Counter-terrorism investigations	23
Counter-terrorism training.....	23
Advanced Counter-Terrorism Investigations Program	23
Overseas deployment awareness training.....	23

Illicit drugs	24
Heroin	24
Cocaine	26
Amphetamine-type stimulants	27
MDMA (3, 4-methylenedioxymethamphetamine)	28
People smuggling	31
Human trafficking (sexual servitude)	32
Child sex tourism	33
Economic and Special Operations	34
Corporate and Bankruptcy	35
Corruption (Special References)	35
Counterfeit currency	36
Electronic and Telecommunications crime	37
Australian High-Tech Crime Centre	37
Environmental crime	39
External Territories	40
Family law	41
Fraud	42
Identity Crime	43
Intellectual property	44
National Missing Persons Unit	45
Money laundering and the Financial Transaction Reports Act	45
Proceeds of Crime	46
Assets restrained	47
Online Child Sex Exploitation	48
Assisting the Australian Government and other agencies	48
International Network	49
Output 1.1— Investigation Services	51
Performance measure 1	51
Performance measure 2	53
Performance measure 3	53
Output 1.2 — Protection Services	54
Close Personal Protection	54
Visits	55
Witness Protection	55
Family Court security	56
Special Events Coordination and Executive Support	56
Performance measure 1	56
Performance measure 2	56
Performance measure 3	57
Output 1.3 – International Services	58
International Deployment Group	58
Deployments	58
Law Enforcement Cooperation Program	64
Indonesian Transnational Crime Coordination Centre	65

Philippines counter-terrorism capacity-building project.....	65
Disaster victim identification project.....	65
Asia Region Law Enforcement Management Program	66
Pacific initiatives.....	66
Broader international programs	66
IDG training initiatives	67
International Training Complex.....	67
Operations Response Team.....	68
Performance measure 1	68
Performance measure 2.....	68
Performance measure 3.....	69
Output 1.4 — Guarding and Security Services.....	69
Counter-terrorist first-response.....	70
Protective Security Liaison Officer Network	70
Air Security Officer (ASO) program.....	71
Protective Service Operations.....	71
Regional Assistance Mission Solomon Islands	71
Performance measure 1	72
Performance measure 2.....	72
Performance measure 3.....	72
In memory of Adam Dunning	73
 Chapter 3	
Enabling services	76
Chief Operating Officer portfolio	76
Chief of Staff portfolio	76
Marketing and Communications.....	76
Ministerial	77
Policy and Strategic Services	77
Performance Planning.....	79
Human Resources Management	79
People Strategies.....	79
Workforce Planning.....	80
Recruitment	81
Work–Life diversity	81
Employee relations.....	82
Remuneration of senior executives.....	82
Recognition and Ceremonial	82
Chaplaincy	83
Women in Law Enforcement Strategy	83
The National Women's Consultative Team.....	84
Learning and Development.....	84
Investigations training.....	84
Leadership and Management Development.....	85
Specialist and international training	85

Policing practice and induction.....	86
Health and Safety Services	87
Medical Services.....	87
Employee Assistance and Psychological Services.....	87
Occupational Health and Safety.....	88
The Confidant Network	89
Professional Standards	90
Drug Testing	91
Legal	91
Financial Services	92
Financial Management.....	92
Assets management	92
Commercial Support.....	92
Properties and Facilities Management.....	93
Criminal Records Unit	93
Procurement and Contracts.....	93
Information Services	94
Office of the CIO.....	94
Information Technology	94
Applications Group.....	94
IT Service Delivery	94
Network Services.....	95
IT Projects Office.....	95
Data Hosting Services.....	95
Information Management.....	95
Information Policy	95
Business Information.....	95
Website Management.....	96
Governance Instrument Framework.....	96
Library	96
Forensic and Technical.....	96
Forensic Operations.....	96
Forensic Operations Support.....	97
The Australian Bomb Data Centre	99
 Chapter 4	
Governance and Accountability	102
Internal Audit.....	102
Protective Service Quality Management Team	103
Insurance and Risk Management.....	103
Auditor-General Reports.....	103
Fraud Control and Anti-Corruption Plan.....	104
Commissioner's declaration.....	104
External scrutiny	104
Commonwealth Ombudsman's Reports.....	105

Consultancy Services	106
Competitive tendering and contracting.....	106
Consultancies	107
Advertising and Market Research	107
Freedom of Information	107
Commonwealth Disability Strategy	107
Ecologically sustainable development and environmental performance.....	108

Chapter 5

Australian Capital Territory Policing	110
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Appendixes

List of Appendixes.....	112
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Charts appearing in text

Chart 1 – The AFP's Executive and Managerial structure at 30 June 2005	9
Chart 2 – The AFP's Organisational Structure as at 30 June 2005	10
Chart 3 – The AFP's Outcomes and Outputs structure for 2004–05.....	12
Chart 4 – Drug Harm Index	51
Chart 5 – Illicit drugs seized.....	52
Chart 6 – Confidant Network Referrals 2004–0589	
Chart 7 – Number of Internal Audit Reports tabled and Internal Audit actual expenditure.....	102

Tables appearing in text

Table A – Funding.....	14
Table B – Drug seizures Federal Agencies(a)	29
Table C – Counterfeit currency statistic (Comparison of three years)	37
Table D – Family Court enforcement orders and PACE alert activities 2004–05	42
Table E – A summary of the restraint of assets.....	47
Table F – CPP performance 2004–05.....	56
Table G – Output 1.2: Protection services, number of cases referred in 2004–05	57
Table H – Personnel assigned to the PPF at 30 June 2005	59
Table I – The total number of AFP (including PS) at 30 June 2005.....	80
Table J – Confidant Network statistics.....	90
Table K – Expenditure on consultants for the three most recent financial years.....	107

1

OVERVIEW



CHAPTER 1

EXECUTIVE REVIEW

By Commissioner Mick Keelty



M J Keelty
Commissioner
Australian Federal Police

In many ways, 2004–05 was a watershed year for the Australian Federal Police.

As well as being a strong year operationally, it was a year when we officially celebrated an important milestone in our history – 25 years as Australia’s national and international policing agency. It was a time when the organisation reflected on its past and considered strategic new directions for meeting the national law enforcement and security challenges of the future.

I am pleased to report that the year was characterised by many high points. Our partnerships expanded and deepened; we took on a range of new national security responsibilities and implemented some innovative measures to tackle crime across many fronts. It was a year when we consolidated our efforts internationally and looked to new horizons; when we strengthened our workforce and commitment to traditional operations; and when we applied our skills in new ways to assist neighbouring communities in need. Importantly, it was a year when these investments contributed to strong operational outcomes, enabling us to more than deliver on ambitious business targets.

But sadly, it was a year tempered by some low points, most notably the murder of one of our own, Protective Service Officer Adam Dunning, while on night patrol in the Solomon Islands. Adam was a highly-valued AFP member and his death reminded

us all of the many dangers associated with our contemporary peacekeeping and regional assistance roles; as well as the obstacles to security that still have to be overcome.

In essence, 2004–05 provided ongoing confirmation that our multi-faceted law enforcement approach, based on strong principles of prevention, deterrence, partnerships and innovation, is helping to build a more secure future for all Australians.

NATIONAL SECURITY

In the year under review, the spectre of terrorism continued to dominate the international law enforcement landscape. The bombing outside the Australian Embassy in Jakarta, in September, served to emphasise the ongoing threat to Australian interests and the importance of a strong and comprehensive national response.

For the AFP, counter-terrorism remained a business priority. As well as expanding our responses domestically, we continued to explore new ways to take the fight offshore – a strategy that continues to prove its worth across a range of crime types.

This involved providing expertise to a number of investigations into terrorism-related acts overseas, particularly in areas such as forensics, technical and operations support. It included the deployment of Rapid Response Teams to incidents such as the Australian Embassy bombing in Indonesia and the *Superferry 14* bombing in the Philippines, building on the good work of support teams still committed to ongoing investigations into the Bali and JW Marriott Hotel bombings in Indonesia.

Significantly, the success of these missions led to the establishment of a permanent AFP counter-terrorism presence in the Philippines during the reporting year. Our role there enables us to continue working closely with Philippines authorities to stop the spread of terrorism-related activities in that country, and over time, promises to help curb the growth of other transnational crimes such as drug trafficking and fraud.

The opening of the Jakarta Centre for Law Enforcement Cooperation at Semarang in Indonesia, was regarded internationally as a major counter-terrorism innovation. The \$38 million joint venture between the Australian and Indonesian Governments, which is being managed and developed by the AFP, has attracted interest and support from law enforcement agencies around the world.

The Centre has already earned a reputation as a counter-terrorism hub, developing links to transnational crime coordination facilities throughout South-East Asia. Most importantly, it is promoting a culture of cooperation and information exchange among counter-terrorism authorities in the region, strengthening capacity to thwart future attacks.

INTERNATIONAL FOCUS

These counter-terrorism initiatives were buoyed by the ongoing support of the AFP's International Network. During the reporting year, the network comprised more than 62 officers based at 31 posts in 26 countries, and included counter-terrorism liaison officers in Washington and London, as well as advisers in the Philippines and Malaysia.

The Network forms the centrepiece of the AFP's crime-fighting strategy, providing a platform to take the fight against transnational crime to its source. As well as facilitating inter-agency collaboration and joint investigations, the network provides a range of strategic law enforcement training and capacity building programs.

Significantly, in the reporting year the network oversaw the establishment of the Indonesian Transnational Crime Coordination Centre and the expansion of the Transnational Crime Unit network in countries such as Fiji, Tonga, Samoa and Vanuatu, to boost intelligence and information sharing capacity throughout the Asia-Pacific region. It also continued to implement the successful Law Enforcement Cooperation Program to strengthen offshore crime-fighting skills and expertise.

The value of relationships forged through this Network was underscored in the aftermath of the Indian Ocean tsunami. Soon after the tsunami swept over the island of Phuket, the AFP was invited by the Thai Government to jointly command the international disaster victim identification effort on the resort island – an enterprise involving 30 countries.

Of all the countries hit by the tsunami, Thai coastal resorts incurred the greatest number of deaths of foreign tourists. To date, more than 170 police from Australia have been deployed to the island as part of a rapid response identification program, which still has to be completed. This type of response from all Australian policing jurisdictions and coordinated by the AFP, is proving to be an effective model to apply as part of the whole-of-government approach to challenges – both natural and man-made.

In further demonstrations of the growing importance of rapid response capacity, teams were also deployed to support law enforcement authorities to maintain security during the Athens Olympics; and in Iraq to assist with negotiations over the release of two Australian hostages.

Other examples of benefits flowing from the AFP's long-term commitment to international relationships, could be seen in the ongoing interdiction of crimes such as people smuggling, child sexual exploitation and illicit drug trafficking.

The 2004–05 financial year was a particularly strong year for us on the illicit drugs front. More than 180kg of heroin was seized at the Australian

border, approximately three times that detected in the previous year, while increased seizure rates were also recorded for cocaine, MDMA and precursor chemicals. These interdictions were regarded as significant by world standards.

In one operation, involving the AFP, Australian Customs and our international law enforcement counterparts, more than 1 tonne of MDMA was intercepted with an approximate street value of more than \$250 million. This was Australia's largest, and one of the world's biggest single detections, of the street-ready drug.

In an effort to ensure we continue to maximise the potential from our international presence into the future, in 2004–05 we commenced a comprehensive review of the AFP's International Network.

Feasibility studies were commissioned for Sri Lanka, Bangladesh, Laos and India to assess the need for more permanent collaboration with these countries.

The network's achievements were supported by the ongoing efforts of the International Deployment Group – a specialised unit for managing large-scale policing deployments in the region.

In 2004–05, up to 500 IDG personnel, including representatives from state and territory policing agencies, were posted to missions in the Solomon Islands, Papua New Guinea and Timor-Leste.

One key operation, the Regional Assistance Mission to the Solomon Islands (RAMSI), celebrated its own milestone during the year – its first anniversary. To mark the occasion, a monument was installed at Police Park in the capital, Honiara, over the remains of weapons surrendered throughout the mission.

To date, more than 6500 people have been arrested as part of RAMSI, for crimes ranging from murder; to sexual assault and fraud. More than 3730 firearms have also been seized or surrendered.

As a result, law and order has been restored in the Solomon Islands and there is much promise of a more prosperous and secure future for its people.

Another IDG assignment, to Papua New Guinea as part of the Enhanced Cooperation Program, aimed to mirror the success achieved in the Solomons. Deployments were undertaken in Bougainville and Port Moresby, with encouraging early success recorded with high density and highly visible patrols.

At its peak, 161 Australian Assisting Police were assisting the Royal Papua New Guinea Constabulary become a more professional, sustainable and accountable policing entity.

However, a Constitutional challenge to the legality of the Enhanced Cooperation Program by the Governor of the Morobe Province, Luther Wenge, led to the suspension of this mission. The AFP continues to work alongside the Australian and

Papua New Guinea Governments to try and re-negotiate the terms of engagement.

Meanwhile, in the reporting year we also moved to strengthen the preparedness and capabilities of Australian police for undertaking regional assistance missions. A \$2.8 million AFP International Training Complex was opened on Canberra's outskirts, to equip personnel with the skills required to operate in the diverse range of conditions typically encountered when working abroad.

Among the many features of the purpose-built complex is a streetscape similar to that found in a small overseas community. This provides the setting for important scenario training that helps prepare police for a variety of unpredictable and sometimes dangerous challenges.

Importantly, the complex also provides training that goes beyond the needs of the IDG, to meet requirements of counter-terrorism, search and rescue, protection and forensics operations.

NATIONAL FOCUS

At a domestic level, the AFP continued to cooperate closely with Australian Government and state and territory partner agencies on a range of counter-terrorism, crime-fighting and capacity building initiatives throughout the year.

Keeping our skies safe remained a key national priority, with the AFP assuming important new responsibilities for security at airports around the country. These included implementation of the Counter-Terrorism First Response capability at 11 airports, the establishment of Regional Rapid Deployment Teams and an expansion of the international leg of the Air Security Officer program.

These initiatives are promoting swift and well coordinated responses to security threats in the aviation industry, ensuring authorities are better prepared than ever to deal with all types of risks.

The Joint Counter-Terrorism Teams also moved to strengthen capacity for guarding against threats on the ground in Australia. As well as conducting strategic training exercises, these teams undertook a number of operations that led to the arrest of two more people in Australia for suspected links to terrorism. This brought the total number of arrests to date to six, with prosecutions for five of those commencing within the reporting period.

They were supported in their task by information received through the National Security Hotline. More than 6500 calls were received by the hotline during the year, with more than 400 referred to the AFP for further examination.

In addition, the AFP directed significant resources nationally and internationally to other functional streams, to improve methods for interdicting

terrorism and other forms of transnational crime at the earliest possible stage.

As well as expanding our intelligence portfolio, we moved to build our capabilities for disabling the funding of these crimes.

Considerable investigative resources were devoted to combating fraud and money laundering, and we jointly hosted meetings of the International Working Group on Terrorist Financing. We also co-chaired, with Japan, the Asia-Pacific Group on Money Laundering (APG), which is making valuable progress toward strengthening anti-money laundering standards throughout the region.

The Group now comprises 28 member nations and the AFP also recently assumed responsibility for hosting the APG secretariat.

This reporting period also marked the second full financial year of operation of the *Proceeds of Crime Act 2002*. During the year the regime became further integrated into the investigative process, with more than \$88 million restrained.

We also intensified efforts to thwart enabling activities such as Internet and identity-based crimes. These are among the fastest growing crime areas, and are increasingly being linked to terrorism and other serious crimes.

Through membership of initiatives such as the Opal Group, a group of law enforcement and government agencies developing strategies for tackling identity-based crimes, and the Identity Crime Task Force in NSW, we played a lead in the investigation and disruption of a number of sophisticated syndicates. These operations resulted in the seizure of large numbers of false passports and federal and state identity documents.

The AFP also hosted an identity crime conference for Police Commissioners of the South-East Asian region in October 2004, to raise awareness about the growing capacity and use of identity fraud and theft, to facilitate all forms of transnational crime.

STRATEGIC PARTNERSHIPS

As the 21st century gathers pace, an emerging theme is the importance of strategic partnerships to prevent and combat complex crime.

Leading the way, the Australian High-Tech Crime Centre, hosted by the AFP, continued to build partnerships with government agencies and the private sector, to tackle the proliferation of online crimes such as e-commerce fraud, online child abuse, computer intrusions and threats against Australia's critical national information infrastructure.

Regarded as a policing model for the future, the centre, which includes representatives from most state and territory police services, as well as

personnel from Australian Government agencies and representatives from the major banks and credit card companies, experienced growth across all aspects of its operations.

Among its key operations was Operation Auxin, the Australian arm of the US-led Operation Falcon, an investigation into online child sex abuse. This resulted in the execution of 548 search warrants and more than 300 arrests or summonses in a nationally-coordinated law enforcement response.

In addition, the centre joined law enforcement agencies from around the world to establish the Virtual Global Taskforce – a website working to help detect online child abuse and provide information and support to victims and their families. It also teamed up with Microsoft Australia in a strategic training partnership to improve the capacity of law enforcement agencies for bringing increasingly sophisticated cyber-criminals to justice.

Throughout the reporting year, the AFP was involved in a number of executive exchange programs with the business and financial sectors. These aimed to promote greater understanding of the various challenges confronting different industries for preventing and reducing the impact of crime.

The importance of strong relationships between law enforcement and the community was particularly apparent at the local level. ACT Policing enjoyed another sound year operationally, working in partnership with the Canberra community to maintain the city's record as one of the safest in which to live. Significantly, community participation in Operation Halite led to further progress in reducing burglary and property-based crimes in the capital, with burglary offences down 27 per cent on the previous year, and the number of motor vehicles reported stolen declining by almost one-third.

ORGANISATIONAL FOCUS

This expanding and increasingly complex array of AFP responsibilities, led to changes in the provision of services during the reporting year.

Numerous strategies were put in place to ensure our workforce has the skills, knowledge and capability to deal with 21st century crime, as well as the ability to draw on all the best features of traditional police integrity and methodology.

Among these was the completion of the integration with the AFP of members of the former Australian Protective Service (APS) and the introduction of a functional organisational structure to enhance the AFP's business approach.

I am pleased to report that these streamlining initiatives had a very positive effect on operations, improving our ability to nationally coordinate and manage a vast range of responsibilities.

In addition, throughout the reporting year we moved to enhance our organisational performance monitoring regime, to ensure our limited resources continue to be utilised most effectively and in the highest impact cases. Importantly, the regime is also being used to help measure our impact on the law enforcement landscape, and is improving mechanisms for transparency and accountability to government and the community.

These key performance indicators provided encouraging feedback in 2004–05, showing very strong outcomes on the operational front.

In terms of investigations, the number of cases reaching prosecution more than doubled on the previous year. Of these, we achieved a 97 per cent success rate where matters were proven in relation to at least one offender – significantly higher than our target rate of 90 per cent or more.

Client surveys, involving Commonwealth and state government agencies, as well as representatives from foreign embassies, also showed that we maintain a very high level of satisfaction with investigations, at 94 per cent.

Looking more closely at the performance of specific functional streams, areas such as fraud, illicit drug investigations, counter-terrorism and protection services, all showed the AFP returning significant economic and social dividends to the community.

In relation to illicit drugs, the AFP Drug Harm Index, which estimates the potential health and social savings from illicit drug seizures, calculated that AFP interdictions saved the Australian community just under \$668 million in the reporting year – a 56 per cent rise on the previous year.

Benchmarking studies for the period also showed that the AFP, in partnership with other Commonwealth and international agencies, was responsible for the seizure of 67 per cent of heroin seized in Australia, 91 per cent of cocaine, and 87 per cent of amphetamine-type stimulants, including MDMA.

When compared with seizure rates by agencies abroad, these placed us at the forefront of international law enforcement efforts to combat illicit drugs.

In the reporting year, there was also strong evidence of the correlation between AFP heroin seizures and a reduction in the availability of the drug on the streets.

On the Economics and Special Operations front, key performance indicators calculated that AFP economic investigations returned \$211 million in 2004–05, an increase of 25 per cent on the previous year. Along with this, a new measure developed with the assistance of the University of Queensland showed AFP counter-terrorism operations increasing

at a steady rate since 2001, and strongly endorsing our approach for tackling the crime at its source.

We also moved during the reporting year, to keep building on our evaluation framework, investing \$1.5 million on a collaborative research project with the university sector to help measure the performance of the International Deployment Group. This research conducted in conjunction with Flinders University and the Australian National University, is examining grounds for assistance, cultural and political contexts and the achievements and shortcomings of police assistance missions. Findings will be used to guide future involvement in the region.

CONCLUSION

With each passing year, the AFP grows in its role as a truly global policing agency.

Today we manage an unprecedented range of responsibilities that are not only working to enhance Australia's national security, but the security of our neighbours and beyond.

Importantly, operational results demonstrate our multi-layered approach to law enforcement is yielding significant results.

Our ability to deliver on this front has been due to the skill and calibre of our members and to the implementation of sound policing practices, which are standing the test of time.

One of the key challenges for us now is to keep building on this momentum and to cast the law enforcement net more widely so that we can continue to stay a step ahead in a rapidly evolving criminal environment.

This will require us to find more creative ways of doing business both domestically and abroad, particularly through greater investments in collaboration.

With sound foundations already in place, I am confident that we are well positioned as an agency to meet these challenges for many years to come.



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
- the provision of police services in relation to the Australian Capital Territory (ACT) and Australia's External Territories.

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.

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 62 members, sworn and unsworn, located in 31 cities in 26 countries.

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.

At 30 June 2005 the AFP had 4990 employees in Australia and overseas.

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 31 August 2004, directs the AFP to give special emphasis to:

- preventing, countering and investigating terrorism under Commonwealth legislation
- preventing, countering and investigating transnational and multi-jurisdictional crime, illicit drug trafficking, organised people smuggling (including sexual servitude and human exploitation), serious fraud against the Commonwealth, 'high-tech' crime involving information technology and communications, and money laundering
- the identification, restraint, seizure and confiscation of assets involved in or derived from the above activities
- providing an effective contribution to the implementation of the Government's Tough on Drugs strategy
- ensuring that its strategic directions in relation to the above activities appropriately complement priorities set for the ACC at Board level, particularly in the area of national criminal intelligence
- contributing effectively to the Government's international law enforcement interests, including through United Nations Peace Operations, the restoration of law and order and foreign law enforcement capacity building missions including the Law Enforcement Cooperation Program, enforcement of child sex tourism legislation, and appropriate agency-level agreements with overseas law enforcement agencies
- continuing to develop its capacity in both technology and skills to deal with new forms of criminal activity
- providing community policing services in the ACT, Jervis Bay and External Territories
- providing protective security services to high office holders and physical establishments and entities of specific interest to the Commonwealth, witnesses and special events
- providing for the security of Australian air travellers and the aviation industry through the deployment of Air Security Officers on selected domestic and international flights and through the provision of a preventative

and intelligence-driven Counter-Terrorist First Response capacity at major Australian airports

- investigating special references and performing special taskings from the Government
- meeting Commonwealth interests in a safe and secure Australia by actively fostering relationships with other law enforcement agencies, government and private bodies within Australia and overseas, where the provision and exchange of information is consistent with AFP functions
- ensuring that community confidence in the honesty, effectiveness and accountability of the AFP is high.

In addition, following the passage of the *Australian Federal Police and Other Legislation Bill 2004* which incorporated the former Australian Protective Service into the AFP from 1 July 2004, the Direction states that the Government expects the AFP to continue to effectively integrate and maximise the coordination of the protective security functions of the former Australian Protective Service within the AFP. The specific protective and custodial functions designated for the AFP are set out in a separate Ministerial Direction issued under Section 8A and 8(1)(be) of the AFP Act.

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 12. 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 Protective Service (formerly 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 I.I (although generated internationally rather than domestically).

EXECUTIVE MANAGEMENT BOARD

As the 2003-04 Annual Report noted, the AFP established an Executive Management Board (EMB) in 2004 to provide high level strategic direction and corporate leadership to the AFP. Its charter reflects best practice in the public and private sectors. The EMB held its inaugural meeting on 8 June 2004 and has met bi-monthly since. By the close of the 2004-05, the Board had met on seven occasions in AFP locations around Australia, including at the AFP's Sydney, Brisbane and Melbourne Offices and at different locations in Canberra.

The EMB comprises the Commissioner (the Chair), Deputy Commissioner, Chief Operating Officer, Chief Police Officer ACT Policing, and two non-executive members, Mr Will Laurie and Ms Elizabeth Montano. The non-Executive members bring a wealth of public and private sector management and corporate governance experience to the Board. The Chief of Staff is the Secretary to the Board.

The EMB's terms of reference are set out below. During 2004-05, the EMB considered a range of matters, including:

- governance issues, including the EMB's relationships to its subordinate committees
- strategic issues, including the AFP's annual environment scan
- policy issues, including the AFP's input to the 2005-06 Budget process
- operational issues, including measurement of the AFP's operational performance
- administrative issues, including the AFP's funding arrangements.

The six subordinate committees reporting to the EMB comprise the National Managers' Group, the Finance Committee, the Strategic Human Resource Committee, the Security and Audit Team, the Science and Technology Steering Committee and the Executive Development Committee. Each EMB meeting receives reports from these sub-committees and a briefing from a National Manager about the opportunities and challenges facing that Manager's functional area.

The EMB also hosts two annual retreats, where members of the EMB and the National Managers' Group gather to discuss strategic opportunities and challenges to the AFP. These retreats are important

opportunities for keeping the AFP focused on key outcomes, and alert to both opportunities and risks.

The Commissioner, as Chair of the EMB, communicates the outcomes of all Board meetings and retreats to the organisation.

TERMS OF REFERENCE OF THE EXECUTIVE MANAGEMENT BOARD

Recognising the Commissioner's statutory responsibility and accountability for the Australian Federal Police, 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
- communicate the outcomes of its proceedings to the organisation.

CORPORATE RISK MANAGEMENT

Effective governance and performance is underpinned by a sound strategy that involves identification and management of risks associated with core business. The integration of risk management into strategic and functional planning processes complements organisational performance

and ensures an organisational culture of risk awareness in a rapidly changing global environment. The management of risk in the AFP is critical to protecting our:

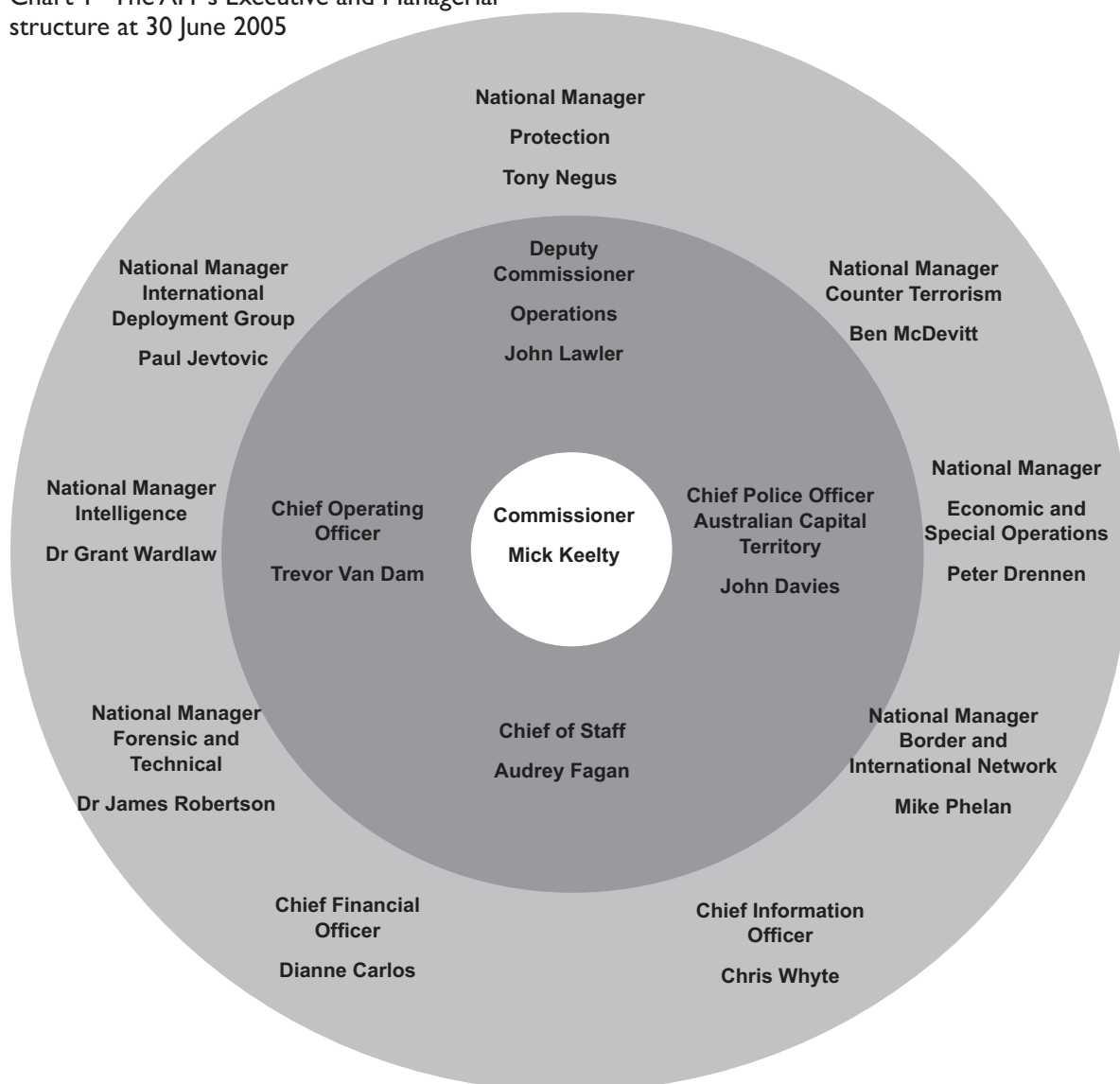
- employees and their skills
- stakeholders
- information
- environment
- quality of service
- assets and intellectual property
- contractual and statutory obligations
- image and reputation.

An improved organisation-wide understanding of these processes allows risks to be managed in an effective and considered manner. At the same time, the process allows the organisation to identify at all levels, opportunities to improve strategically, functionally and individually.

Our challenge is to embed risk management into our culture, our everyday operations, enabling services and those of our contractors and business partners. This integrated approach through everyone's involvement and support is critical to effective outcomes.

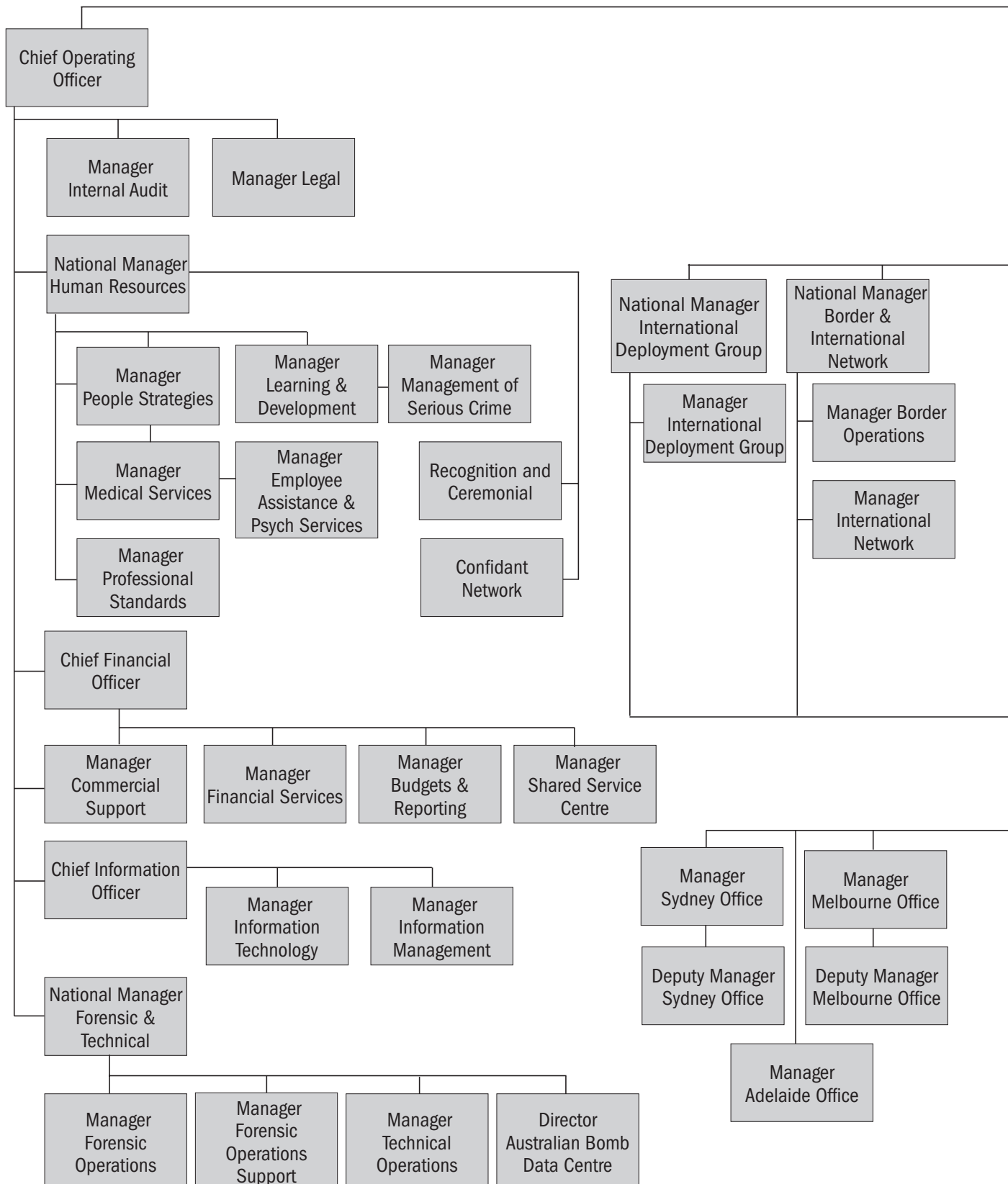
EXECUTIVE TEAM

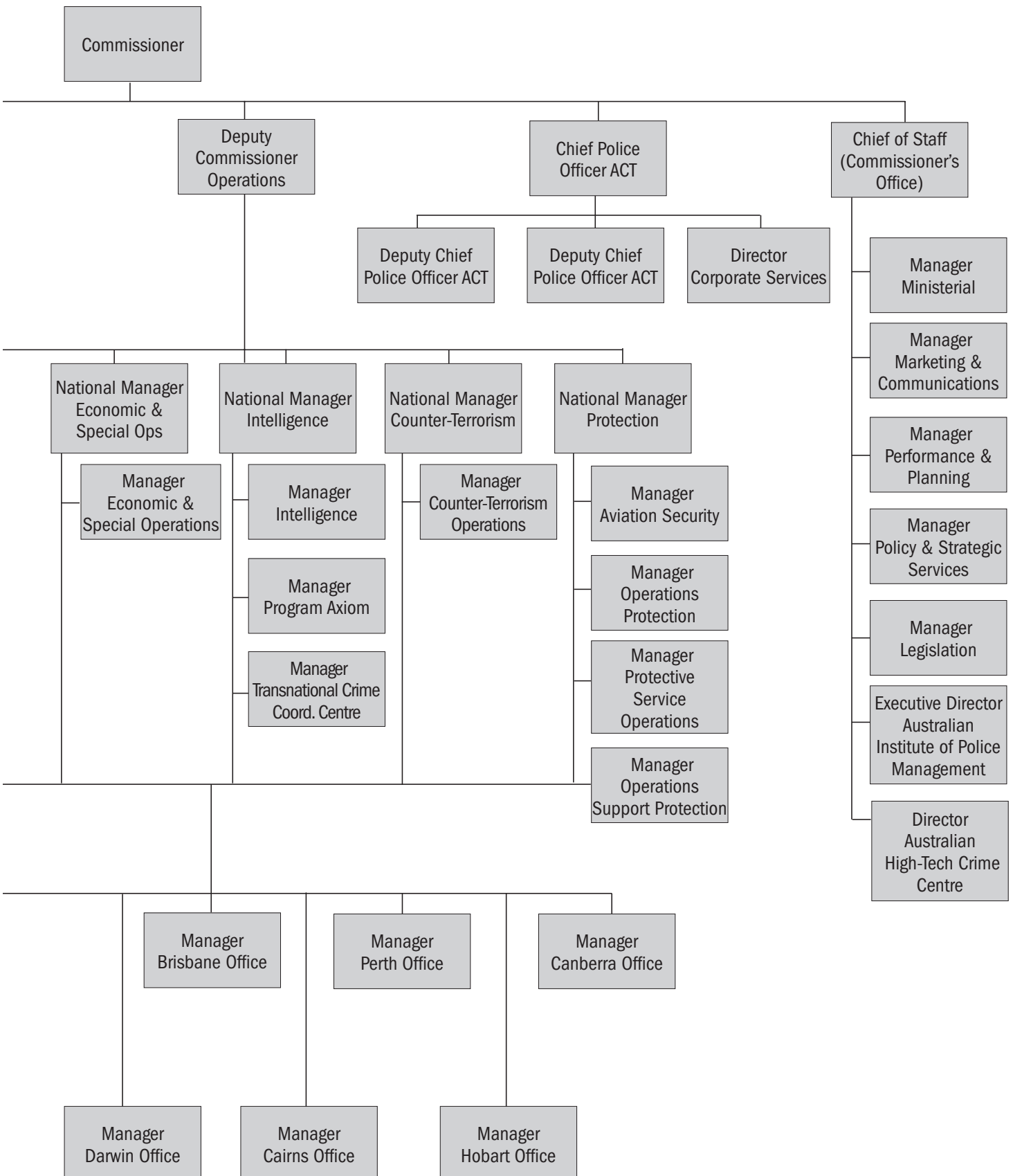
Chart 1—The AFP's Executive and Managerial structure at 30 June 2005



ORGANISATION CHART

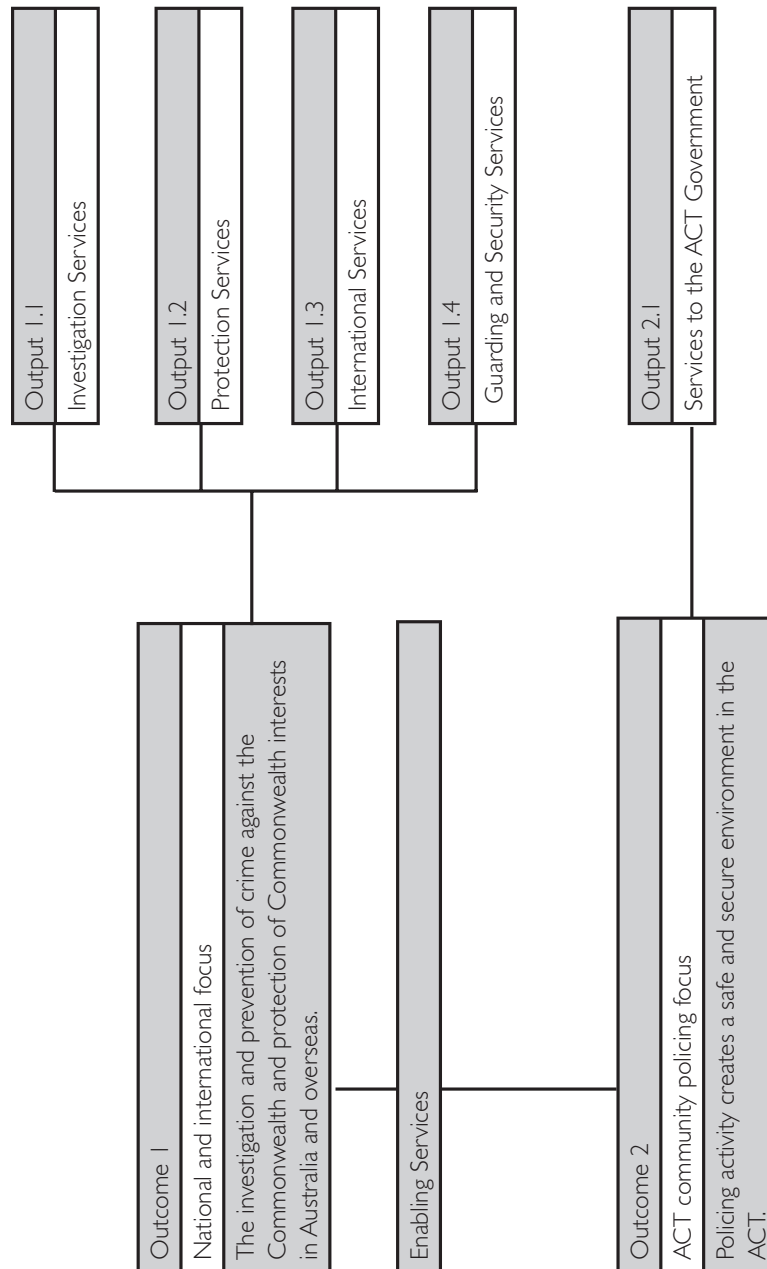
Chart 2 – The AFP's Organisational Structure as at 30 June 2005





OUTCOMES AND OUTPUTS

Chart 3 – The AFP's Outcomes and Outputs structure for 2004–05



ANNUAL REPORT 2004-05

2

NATIONAL AND
INTERNATIONAL FOCUS



Table A – Funding

	Budget ^a (1) 2004–05 (\$'000)	Actual (2) 2004–05 (\$'000)	Variation (1–2) 2004–05 (\$'000)	Budget ^b 2005–06 (\$'000)
PRICE OF AGENCY OUTPUTS				
Outcome 1				
The investigation and prevention of crime against the Commonwealth and protection of Commonwealth interests in Australia and overseas				
Output 1.1: Investigation Services	360,293	347,055	13,238	343,746
Output 1.2: Protection Services	57,551	69,558	-12,007	67,844
Output 1.3: International Services	309,272	167,244	142,028	334,103
Output 1.4: Guarding and Security Services	141,511	133,280	8,231	182,602
Total price of outputs	868,627	717,137	151,490	928,295
Revenue from Government	746,934	611,954	135,000	816,463
(Appropriation) for agency outputs				
Revenue from other sources	121,673	129,574	-7,901	111,832
Total Departmental Revenue	868,627	741,528	127,099	928,295
TOTAL PRICE OF OUTPUTS FOR OUTCOME 1	868,627	717,137	151,490	928,295
Outcome 2				
Policing activity creates a safe and secure environment in the ACT				
Output 2.1: Services to the ACT Government	89,749	91,373	-1,624	91,890
Total price of outputs	89,749	91,373	-1,624	91,890
Revenue from Government	-	-	-	-
(Appropriation) for agency outputs				
Revenue from other sources	89,749	91,327	-1,578	91,890
Total Departmental Revenue	89,749	91,327	-1,578	91,890
TOTAL PRICE OF OUTPUTS FOR OUTCOME 2	89,749	91,373	-1,624	91,890

a. Full-year budget, including additional estimates

b. Budget as announced in the Portfolio Budget Statements

CHAPTER 2

OUTCOME 1- NATIONAL AND INTERNATIONAL FOCUS

OUTCOME 1

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

OUTCOMES AND OUTPUTS

Changes to the AFP's organisational management structure and the creation of the International Deployment Group (IDG) have provided an opportunity to refine the 2004–05 AFP output structure. The AFP currently has four outputs listed under Outcome 1

- Output 1.1 - Investigation Services
- Output 1.2 - Protection Services
- Output 1.3 - International Services
- Output 1.4 - Guarding and Security Services

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



PERFORMANCE

INTELLIGENCE

Intelligence collection and priority setting

A National Intelligence Management Team (NIMT), comprising Intelligence Coordinators and chaired by the Manager of Intelligence regularly reviews the strategic progress of the national intelligence portfolio. The NIMT works closely with the Transnational Crime Coordination Centre (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 strategy has been developed and continues to be implemented throughout the organisation.

INTELLIGENCE FUNCTIONS

The reporting period saw continued expansion and resourcing of the AFP Intelligence portfolio to deliver timely, relevant intelligence in support of the AFP's main operational activities. Concurrent with this ongoing developmental work, additional Government funding under the auspices of the *Fighting Terrorism at its Source* initiative resulted in further enhancements to existing Intelligence services as well as the creation of additional functions. New functions, such as the Intelligence Secretariat and the Leadership in Criminal Intelligence Program (LCIP), aim to streamline AFP interaction with partner agencies, both domestically and regionally, and provide a forum for the identification, development and implementation of best practice principles in criminal intelligence. Significant scoping and development work is already underway on these two new functions and funding will commence on 1 July 2005.

AFP Intelligence continues to show commitment to developing its financial intelligence capacity both through the use of financial analysts to facilitate asset identification and seizure under proceeds of crime legislation, and in providing financial expertise in the generation of intelligence. From a national perspective key focus areas in the past 12 months have included relationship building with internal and external clients to increase the understanding and use of financial intelligence. To assist this goal, a number of financial analysts with commercial, banking and government experience have been recruited

over the past 12 months to fill diverse roles within the portfolio.

The reconstituted strategic intelligence analysis capability within Analytical Services also underwent significant advancements in terms of its functionality and outputs over the reporting period. The area was given the task of creating and producing new products and services aimed at informing organisational priorities over the next two to five years.

AFP Intelligence continued to respond to the changing dynamics of global events and government priorities through the adoption of structural and procedural efficiencies and the integration of new functions. Developments and improvements throughout the year included:

- the transfer of the Threat Monitoring cell from National Counter-Terrorism Intelligence into the Collection and Liaison portfolio to better reflect its organisation-wide focus
- the transfer of responsibility for the National Security Hotline from National Counter-Terrorism Intelligence to the TCCC to enable 24-hour monitoring of incoming referrals
- the creation of a new National Coordinator Human Source Management position to provide strategic direction of human source management and ensure that the necessary high-level of accountability is in place. This national oversight ensures consistency in policy development and the setting and implementation of national standards
- the transfer of the Protective Security Intelligence (PSI) function from Protection to Intelligence and the integration of this function—renamed Protection Intelligence—as a separate Intelligence portfolio within Headquarters and the Office Intelligence teams
- the redeployment of Office Intelligence staff at Robina, Queensland, to support the new Online Child Sex Exploitation Team
- in addition to the creation of the Intelligence Secretariat and the LCIP, AFP Intelligence restructured its National Counter-Terrorism Intelligence teams to maximise efficiencies in collecting, collating and analysing counter-terrorism criminal intelligence and established an intelligence production cell to enhance intelligence outputs.

Office Intelligence teams continued to increase their target development work, looking at potential criminal targets, business entities and circumstances of local and national significance and providing

ongoing support to operations. During 2004–05, target development work within the AFP offices resulted in a number of important operational and organisational outcomes and contributed significantly to national criminal intelligence holdings.

The Intelligence function also has carriage of Program Axiom—the AFP's undercover policing program—and the TCCC.

AFP Intelligence also undertakes a number of international strategies aimed to increase regional intelligence capabilities and develop practices and protocols to enable the sharing of intelligence between agencies and across the region. The two main forums for this are the Asia Region Heads of Criminal Intelligence Working Group (ARHCIWG) and the Transnational Targeting Network (TTN).

ASIA REGION HEADS OF CRIMINAL INTELLIGENCE WORKING GROUP

The Asia Region Heads of Criminal Intelligence Working Group (ARHCIWG) is an annual forum coordinated by AFP Intelligence and funded under the AFP's Law Enforcement Cooperation Program, which aims to deliver outcomes based on achievable objectives and commitments towards cooperation and information sharing.

The third ARHCIWG was held in Hong Kong, 30 November to 2 December 2004. Delegates from 18 agencies in 15 Asian countries attended with the focus being the development of regional intelligence capabilities through joint intelligence projects and the development of mechanisms to promote information sharing.

The next ARHCIWG will be co-hosted by Singapore over the period 8–10 November 2005 and will focus on expanding existing initiatives as well as identifying new strategies of mutual benefit to all members.

TRANSNATIONAL TARGETING NETWORK

The Transnational Targeting Network (TTN) is an international intelligence/investigations arrangement aimed at exploiting the synergy that exists between the partner agencies in the investigation of high level transnational crime impacting upon our membership. AFP Intelligence has devoted significant resources to supporting this initiative.

COUNTER-TERRORISM INTELLIGENCE

Funding in 2004–05 from the auspices of the *Fighting Terrorism at its Source* initiative enabled Counter-Terrorism Intelligence to increase its staffing and

restructure the teams to allow for a more proactive onshore counter-terrorism intelligence capability.

There are now – within National Counter-Terrorism Intelligence:

- The South-East Asia–Indonesia Team supports counter-terrorism operations in Indonesia and continues to assist the Indonesian National Police apprehend the remaining suspects for the 2002 Bali bombing and 2004 bombing of the Australian Embassy in Jakarta.
- The South-East Asia–Philippines Team collects, collates, analyses and assesses information and intelligence to support AFP members in the Philippines.
- The Convergence Team provides a strategic overview of all AFP counter-terrorism investigations with a view to identifying convergences between investigations.
- The Target Development Team aims to identify criminality in those individuals and groups who present a terrorist threat to Australians or Australian interests. This team includes a Financial Analyst to look at terrorist financing.

New Government funding has also enabled the development of a rapid deployment capability which, in the event of operational requirements, would see the deployment of Intelligence teams within 12 hours.

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 AFP representation, were a vital component of this intelligence network.

NATIONAL THREAT ASSESSMENT CENTRE

The NTAC, housed in the Australian Security Intelligence Organisation (ASIO) was launched in October 2003 to provide round-the-clock threat assessments on Australian security issues.

The AFP currently has two officers seconded to the NTAC who, together with ASIO and other counterparts, continue to monitor and assess the likelihood and probability of terrorism and other acts of politically-motivated violence against Australia, against Australian citizens here and abroad, and against Australian interests overseas.

JOINT COUNTER-TERRORISM INTELLIGENCE COORDINATION UNIT

The 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 Joint Counter-Terrorism Teams (JCTTs) in Canberra, Brisbane, Melbourne, Sydney, Perth, and Darwin.

PROTECTION INTELLIGENCE

Protective Security Intelligence was redefined Protection Intelligence (PI) on 30 January 2005 and was realigned from the Protection Functional stream to the Intelligence Functional stream. PI operates in the national environment providing intelligence support to Protection and Guarding and Security Services.

PI works closely with Australian Government departments and agencies, including the Department of Prime Minister and Cabinet, the Department of Foreign Affairs and Trade (DFAT), Protective Security Coordination Committee (PSCC) and ASIO. PI is responsible for safeguarding Commonwealth interests and ensuring Australian Government obligations for the safety and security of diplomats and visiting dignitaries, are met. It maintains and enhances close and cooperative working relationships with key partners in the provision of security for Australian office holders, non-Australian office holders and for security measures in the transport industry.

The intelligence needs of the Protection portfolio and the broader AFP is provided by the three interconnected areas which comprise PI. The three PI areas are Protection Intelligence (Operations), Protection Intelligence (Analysis) and Protection Intelligence (Aviation Security).

PI Operations maintains and enhances contact with Australian high office holders, the diplomatic and consular community, Australian Government agencies, policing services nationally and other individuals and organisations necessary to protect the safety of Australian office holders, diplomats, visiting dignitaries and others assessed to be at risk. It provides a police liaison function with all diplomatic and consular missions, Australian office holders, the ACT Government, Australian Government and non-government agencies and various community groups. It responds to incidents and conducts preliminary inquiries into potential security breaches and threats

against people of importance, diplomatic and consular missions and possible offences under other relevant Commonwealth legislation.

PI Analysis and PI Aviation Security teams collect, collate, analyse, assess and disseminate security information and intelligence in support of Protection Operations. These include Aviation Security Operations such as Airport Operations and Air Security Officer (ASO) program, and Protection Operations such as Close Personal Protection and Physical Security. These PI teams provide timely and accurate intelligence advice to Protection Operations, contribute to the Australian Government's threat assessments process and identify and analyse emerging trends and issues in the protection operating environment. They provide security intelligence and information on possible acts of politically-motivated violence, demonstrations, and special events or actions which may cause a perceived loss of dignity to people of importance and diplomatic missions, and activities intended to disrupt elements of the transport industry including, airport operations, and aircraft security in flight. The Aviation Security Team provides advice on terrorism activity targeting the transport industry, particularly aviation.

PROGRAM AXIOM

Program Axiom is responsible for the national management, coordination and development of high-level resources and services for undercover police work that supports Outcomes 1 and 2.

The program has established strong interagency relationships at both national and international levels. Extensive research, liaison and planning continues to ensure that Program Axiom creates and maintains policy, procedure and undercover investigation at a standard of world's best practice. Key partner relationships have enhanced the scope of operational capabilities available within the AFP via Program Axiom.

The deployment of undercover resources is overseen by the Program Axiom Board of Management that comprises the AFP Deputy Commissioner, National Managers and Manager Program Axiom. Oversight at the Senior Executive Service level ensures that AFP application of sensitive undercover investigative strategies is conducted in a manner that ensures the appropriate and lawful utilisation of such resources on high impact AFP operations, where that use is justified and required.

Program Axiom deployed resources across a broad range of crime types and criminal enterprises within major investigations during 2004–05. Significant results were achieved that have seen the detection

and prevention of serious organised crime activities with the potential to cause substantial harm to the Australian community. The deployment of Program Axiom enhances all aspects of AFP operations including the successful prosecution of offenders and the disruption of high-level criminal syndicates, due to the quality of evidential material obtained that may not be available through traditional investigative techniques.

In addition to operational outcomes, Program Axiom also enhances the strategic capability of the AFP to combat emerging crime trends and transnational criminal activities that have the potential to impact upon Australia. The alignment of this capability within the AFP Intelligence function adds an additional level of capability that ensures the AFP provides a full and comprehensive picture on numerous aspects of criminality to the Government.

Each year, a number of independent audits are conducted in respect of various aspects of Program Axiom covert activities. These audits continue to report high levels of professionalism, integrity and performance.

TRANSNATIONAL CRIME COORDINATION CENTRE

The Transnational Crime Coordination Centre (TCCC) is located in Canberra at AFP headquarters and is part of the Intelligence function. It operates a monitoring service and a 24-hour response team which coordinates the flow of operational information between the AFP and international partners. The TCCC response is co-located with Interpol and the International section, recognising the integral role each has in combating transnational organised crime. A team also manages alerts placed on the Australian Customs Service Passenger Analysis Clearance and Evaluation (PACE) system for all AFP matters and facilitates alerts by federal, state and territory law enforcement agencies. This team also manages alerts created under the new Australian National Child Offender Register (ANCOR).

The TCCC has several teams that provide support to the operational and Intelligence teams located in AFP headquarters. One team conducts preliminary assessments of referrals made to AFP headquarters and facilitates their evaluation. Another team provides business performance data to streamline the management of investigations and tasks held by these teams. A secretariat connects AFP operations committees in each AFP office with the TCCC Operations Committee—the AFP's highest operational decision-making forum.

AUSTRALIAN NATIONAL CHILD OFFENDER REGISTER

The ANCOR system began in April 2005. At the end of the reporting period, the AFP had received 1223 ANCOR alert requests from various state and territory law enforcement agencies, 659 of these requests have resulted in the creation of PACE alerts, with further evaluation being undertaken on the remaining 654.

NATIONAL SECURITY HOTLINE

During the reporting period, responsibility for the National Security Hotline was transferred from National Counter-Terrorism Intelligence to the TCCC. The total number of National Security Hotline reports received during 2004–05 financial year was 6559. Of these reports, 410 were referred to the AFP for further examination.

COUNTER-TERRORISM

The counter-terrorism role of the AFP is multifaceted, incorporating a range of domestic and international measures to mitigate the threat of terrorism in Australia and more broadly, the region. As the threat to Australia from terrorism is predominantly offshore, the AFP's overseas counter-terrorism cooperation role and contribution is necessarily expanding. The Australian Embassy bombing in Jakarta on 9 September 2004 illustrates the increased threat to Australian interests in the region.

The AFP JCTTs, which are established in every state and territory provide flexible and adaptive investigative resources to the investigation of terrorism in Australia and provide domestic-based support to AFP work being undertaken offshore.

INTERNATIONAL COUNTER-TERRORISM MEASURES

While we remain vigilant to the threat of home-grown terrorism within Australia, our experience shows us that one of the most effective ways to protect Australia from the threat of transnational crime, including terrorism, is to take the fight to the source, which is offshore.

The AFP International Network is used as a platform for strengthening relationships with overseas counterparts and for strengthening counter-terrorism initiatives. AFP liaison officers assist in the development of intelligence and the coordination of operational arrangements with foreign agencies involved in investigations affecting Australia, such as the Australian Embassy bombing in Jakarta.

The network now includes the deployment of AFP members as counter-terrorism liaison officers in

Washington DC and London, a counter-terrorism adviser in the Philippines and a specialist counter-terrorism intelligence analyst in Kuala Lumpur. These deployments will enhance cooperative working arrangements with counter-terrorism units located in those countries.

Operationally, the AFP's primary offshore counter-terrorism role is to mitigate the risk of terrorism to Australia and its interests. There is significant AFP assistance and collaboration in South-East Asia as a means of fighting terrorism at its source. The AFP has the capacity to provide counter-terrorism assistance to all of our Asia-Pacific partners.

RAPID RESPONSE

The AFP's Counter-Terrorism Offshore Rapid Response enables the AFP to respond in a systematic and comprehensive way to requests from regional partners for law enforcement assistance in combating terrorism. Such requests are growing in frequency, in parallel with Australia's reputation for constructive and pragmatic assistance in counter-terrorism investigation and response.

The initiative provides the AFP with the capacity and resources to respond to a wide range of terrorist activities, including disaster victim identification (DVI), crime scene forensics, post-bomb blast, financial investigation, intelligence and technical support. In addition it complements the JCTTs that currently exist in all states and territories and which provide the domestic support when a terrorist attack happens overseas.

Commencing 1 July 2004, AFP rapid response deployments were delivered under the Counter-Terrorism Rapid Response New Policy Initiative, which has a budget of \$36.8 million over four years. During 2004–05 the AFP provided assistance to foreign law enforcement agencies for the following events.

ATHENS OLYMPICS—AUGUST 2004

A five-member AFP team went to Athens to work alongside Greek and other foreign law enforcement agencies in the Olympic Intelligence Centre. Members of the team worked there for varying lengths of time between July and October.

The AFP members operated in a liaison capacity, with one member focused on planning and liaising with Greek and foreign authorities regarding rapid response measures such as forensic capabilities. Two members were retained during the Paralympic Games.

AUSTRALIAN EMBASSY BOMBING—JAKARTA

On 12 October 2004, at the request of the Indonesian National Police (INP), the AFP provided a response team to assist Indonesian authorities with the aftermath of the Australian Embassy bombing in Jakarta and subsequent investigations. AFP officers were flown from around Australia to support the INP in the following police disciplines:

- forensics, including crime scene analysis, DVI and post-bomb blast expertise
- investigations
- intelligence
- technical
- protection (Protective Service)
- operations support.

At its peak, 30 AFP members were sent to supplement an existing contingent of 10 AFP members already assisting the Indonesian authorities. The additional officers from Australia arrived in Jakarta within 12 hours of the incident as part of AFP's rapid deployment.

SUPERFERRY 14 BOMBING

In early October 2004 the Philippine Government announced the *Superferry 14* fire of 27 February 2004 was a terrorist bombing, allegedly committed by the Al-Qaida linked group, Abu Sayyaf Group (ASG).

The Philippine Government announced its commitment to locating and prosecuting those responsible for the bombing. On 14 October 2004, the Philippine National Police (PNP) accepted the AFP's offer of assistance in investigating the terrorist act.

On 16 October 2004 the AFP began providing a team for technical, forensic and investigative assistance to the PNP. The contingent comprised staff from various disciplines including forensic and technical experts, bomb technicians, investigators, analysts and intelligence officers.

The team has provided, and continues to provide, assistance to the PNP in the investigations of the *Superferry 14*, General Santos City bombings of December 2004, and the multiple Valentine's Day bombings of 14 February 2005.

Sustaining this deployment and providing ongoing cooperation has been and will continue to be delivered through funding provided under the new Fighting Terrorism at its Source policy initiative which is discussed below.

IRAQ—SEPTEMBER 2004

A team of three AFP members was deployed in an investigation and negotiation advisory capacity in response to information alleging two Australians had been taken hostage in Iraq.

The team worked closely with Australian Defence Force (ADF) and DFAT personnel and established strong links with a number of Iraqi and foreign agencies in Baghdad. A further two AFP members were deployed to a staging point outside Iraq and were positioned to move into Iraq if required.

The AFP dedicated two members to the Emergency Response Team (ERT) and provided ongoing commitment to the Inter-Departmental Emergency Task Force (IDETF) in Canberra. The AFP members returned 23 June 2005 following post-recovery debrief and evidence gathering phases. The AFP Liaison Officer network assisted in the United States, United Kingdom, Republic of Georgia, Beirut and Dubai.

CAPACITY BUILDING

The AFP continues its counter-terrorism capacity-building projects in a number of countries in the region. In the Philippines, AFP and AusAID are undertaking a \$3.65 million project to assist in building the country's counter-terrorism capacity. This 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 the Philippines law enforcement agencies in intelligence sharing, bomb investigation techniques, forensic capacity and other counter-terrorism areas at both strategic and operational levels.

ENHANCING COOPERATION: FIGHTING TERRORISM AT ITS SOURCE

The AFP continues to provide assistance to the INP into the investigations of the Bali, J W Marriott and Australian Embassy bombings. The joint AFP-INP team works cooperatively in combating terrorism in Indonesia, generally.

The *Fighting Terrorism at its Source* initiative funds capacity for the AFP to enable members to work alongside foreign partner agencies in countering terrorism in the region. The initiative began on 1 January 2005.

Under this initiative, the AFP has established two Counter-Terrorism Regional Cooperation Teams (CTRCTs) to supplement the INP-AFP team

in Indonesia that was formed following the Bali bombings investigation.

The Philippines-based PNP-AFP team was formed following the AFP responses to the *Superferry 14* bombing and the General Santos City bombings. Established on 1 January 2005, the team enabled the AFP to provide immediate assistance to the investigation and response to the Valentine's Day bombings in the Philippines.

The second team is an AFP-led group of six regional law enforcement agencies which each commit resources and information to ensure an integrated and seamless approach to the investigation of terrorism in the region.

As part of these CTRCTs, AFP members are co-located with similarly skilled teams in regional countries and integrated into their day-to-day counter-terrorism operational environment, thereby maximising the exchange of criminal intelligence and specialist law enforcement skills.

Deployment of AFP members under this initiative is established on a case-by-case basis and negotiated by the AFP under the Memorandum of Understanding (MOU) already in place between the AFP and its counterpart agencies in the region. Under this initiative, AFP members are deployed at the invitation of the host law enforcement agency under terms agreed between the AFP and the host agency.

The additional capacity provided by the AFP counter-terrorism regional cooperation teams has entailed investigation, intelligence, analyst, financial, high-tech and operations support skills. Composition of teams and locations has fluctuated throughout the financial year to meet particular threats, environmental needs and regional requests.

Counter-terrorism regional cooperation teams will be supported, when required, by specialists in the fields of security operations, information technology and technical operations. They will also have the support of deployable and mobile secure communications and sophisticated technical equipment, including portable surveillance equipment, face-fit technology, criminalistics equipment and computer forensic equipment.

Under this initiative, increased intelligence capacity has entailed the realignment of the counter-terrorism intelligence function to increase the number of intelligence personnel to support expanded offshore counter-terrorism operations.

Counter-terrorism offshore cooperation is supported by Australian-based corporate support and specialist advisers in the fields of communications, policy and law. The specialist advisers proactively and reactively scope the regional environment and provide advice and guidance when required to enable the teams to operate seamlessly.

Engagement with our regional partners will be optimised through the enhanced language and cultural awareness training provided under this initiative. Ultimately, these skills will reduce language and cultural barriers that have previously hindered or reduced the success of cooperation. Training of 33 AFP staff members has commenced in the languages of Indonesian, Tagalog, Arabic, Cantonese, Mandarin, Russian and Thai. Language skills bolster the AFP's overall counter-terrorism regional capacity by developing a core of highly-trained operational linguists.

JAKARTA CENTRE FOR LAW ENFORCEMENT COOPERATION

The AFP is managing the implementation and development of the Jakarta Centre for Law Enforcement Cooperation (JCLEC) on behalf of the Australian Government.

The key objective of the JCLEC is to enhance the operational expertise of regional law enforcement personnel in dealing with transnational crime, with a primary focus on enhancing counter-terrorism skills. A multinational presence in the JCLEC will also enhance opportunities for regional law enforcement agencies to work and train together towards developing regionally-consistent practices and a stronger inter-country policing network.

Strategically, JCLEC is intended as a platform for further operational integration between Australia, Indonesia and other regional partners, including the Philippines, Malaysia, Thailand and Singapore, in combating terrorism in the region. The Asia-Pacific region will benefit from amalgamating skills and knowledge of law enforcement agencies in the South-East Asian region within the JCLEC.

FAMILY INVESTIGATIVE LIAISON OFFICER PROGRAM

As a result of the Bali bombings, the AFP implemented the Family Investigative Liaison Officer Program (FILP) consisting of sworn AFP investigators who have undergone additional training to be utilised as family investigative liaison officers (FILOs).

The FILP is a significant resource that can be used across a broad spectrum of law enforcement. The

program is primarily designed for use where injury or death has occurred involving Australian citizens or citizens with families who reside in Australia, and where the AFP has some involvement in the investigation or response. In such circumstances interaction is required with surviving victims and families.

Functions of FILOs include obtaining information and evidence from the victims and victims' families and include facilitating inquiries they may have relating to the investigation or prosecution. FILOs maintain contact with the families of victims, and in the case of the Bali bombing, attended court with them. FILOs also coordinate the return of property to victims and their families when it is no longer required for evidentiary reasons.

The FILP can also be considered in connection with investigations and critical incidents, in which there has been no fatality, in order to enhance the effectiveness of the police response by way of investigation, management or action.

FILOs were used during the investigation into the Australian Embassy bombing in Jakarta. They were also used to support DFAT in the response to the Indian Ocean tsunami; the recovery of Douglas Wood from Iraq; and in the aftermath of the July 2005 London bombings. FILOs have provided additional support to other AFP investigations that are not related to terrorism.

DOMESTIC COUNTER-TERRORISM MEASURES

In addition to its international role in counter-terrorism, the AFP has placed a large emphasis on the domestic front. There are 11 JCTTs throughout Australia which include state and territory police. These teams work closely with other domestic agencies, the intelligence community and international partners to identify and investigate any activities in Australia which may be linked to terrorism.

There are 76 full-time staff currently working in JCTTs:

- 43 AFP federal agents
- two Australian Intelligence Community (AIC) secondments
- nine state and territory police detectives (12 of these positions are funded by the AFP)
- 12 investigative support staff.

Further resources are allocated to the JCTT on a needs basis; this can be at very short notice.

There has been an increase of 13 full-time staff in the JCTTs over this financial year; six federal agents, five state and territory police and two support staff. This reflects the ongoing commitment of the AFP and

state and territory counterparts to the prevention and investigation of terrorism, both domestically and overseas.

In 2005, a member of the US Federal Bureau of Investigation (FBI) was seconded to AFP counter-terrorism for a three-month pilot program. The pilot was successful and has led to permanent secondment arrangements being developed.

COUNTER-TERRORISM INVESTIGATIONS

To date, the AFP through the JCTTs has arrested six people in Australia for suspected links to terrorism, with two of these made during this year in review. Prosecutions for five of these matters began in 2004–05 with all trials held over until 2005–06.

COUNTER-TERRORISM TRAINING

Formal AFP training in terrorism investigations has been provided to the majority of JCTT members. The AFP continues to develop counter-terrorism investigation training programs for delivery at the AFP College. The AFP will continue to assist regional law enforcement agencies in the preparation and delivery of terrorism-related training such as post-blast investigations and negotiator training in Thailand.

Workshops and conferences present the AFP with a valuable opportunity to strengthen the cooperative arrangements between the AFP and regional law enforcement agencies. It is anticipated that the JCLEC will be used as the regional forum for delivery of most counter-terrorism training packages as well as most regional conferences in the future.

ADVANCED COUNTER-TERRORISM INVESTIGATIONS PROGRAM

Since it began in September 2003, six Advanced Counter-Terrorism Investigations Programs (ACTIP) have been delivered to 63 AFP members (mostly JCTT members), 31 members of state and territory police and 12 international participants from the New Zealand Police, Hong Kong Police, PNP and INP.

During the year in review two courses were held in Melbourne and one in Sydney. The Melbourne courses, held in November 2004 and June 2005 were attended by Victoria Police officers as part of their preparation for the 2006 Commonwealth Games. For the same reason Victoria Police attended

the Sydney ACTIP course in March, which also included NSW Police.

OVERSEAS DEPLOYMENT AWARENESS TRAINING

Through consultation and cooperation with the ADF, three overseas deployment awareness courses were conducted during the financial year. The program encompassed broad awareness training, specific to small teams working in the field while deployed overseas and included theoretical and practical sessions. To date, approximately 34 members have undertaken the course and it is proposed that another six courses will be run within the next 12 months.

INTERNATIONAL FORWARD COMMAND WORKSHOP

The first AFP International Police Forward Command Workshop took place over one week in March 2005. The workshop aimed to provide AFP officers with the skills necessary to assist to effectively establish and manage a forward command post in response to an international terrorist or other mass casualty incident.

HOSTAGE NEGOTIATOR TRAINING—THAILAND

In cooperation with the ADF, the AFP conducted negotiator training in Thailand in May 2005 for members of the Counter-Terrorism Operation Command, including members of the Royal Thai Police (RTP). The AFP was assisted in the delivery of this training by one member of the Queensland Police Service and one member of the Victoria Police Force. This training aims to increase the counter-terrorism capability of the Thai agencies.

MULTI-JURISDICTIONAL EXERCISES

Whole-of-government activities such as multi-jurisdictional exercises and exercises with overseas partners continue to receive strong and active AFP support. These exercises test response and inter-operability arrangements in the event of a domestic terrorist incident or a terrorist incident overseas involving Australian interests.

EXERCISE WYVERN SUN

From 2–9 July 2004, the AFP sent four members to Thailand as part of the new Inter-Departmental Emergency Task Force which replaced the former Counter-Terrorist Overseas Response Group. The exercise was led by DFAT and ADF. The AFP role in this exercise was minimal as there was no active participation from the Royal Thai Police. Two members also participated in the exercise in Canberra.

MULTI-JURISDICTIONAL EXERCISE – MERCURY 05

Planning has started for Mercury 05 with the AFP being involved in all participating jurisdictions through the JCTTs and other support capabilities. A planning and writing team began working cooperatively with the states, territories and other participating Australian Government agencies in October 2004. The AFP will provide a large number of members to the exercise to be conducted in October 2005.

NORTHERN TERRITORY INVESTIGATION AND CONSEQUENCE MANAGEMENT EXERCISE

The AFP participated in the Northern Territory Investigation and Consequence Management Exercise (ICMEX) Outer Edge with deployments of JCTT and Intelligence members as well as other officers to the Police Operating Centre (POC). Additional members were deployed from the Brisbane, Sydney, Perth and Broome offices to support the AFP component which was largely investigational. The AFP also provided several observers and a forensics umpire.

VICTORIAN TACTICAL EXERCISE (TACREX)

The AFP participated in discussion exercises associated with the Victoria Police TACREX focusing on inter-operability between the ADF and police. The AFP undertook an observation role during the activity.

QUEENSLAND INVESTIGATION AND CONSEQUENCE MANAGEMENT EXERCISE (QLD ICMEX)

The AFP participated in an ICMEX conducted in Brisbane in July 2005. Planning was conducted in cooperation with the Queensland Premier's Office, Queensland Police Service and participating state and Australian Government agencies. The AFP assisted with the writing and planning of the exercise.

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*.

TERRORIST FINANCING

In April 2005, the AFP jointly hosted with ASIO, meetings of the International Working Group on Terrorist Financing (IWG-TF). This group comprises representatives from the United States, United Kingdom, Canada, Australia and New Zealand.



Since it began in September 2003, six Advanced Counter-Terrorism Investigations Programs (ACTIP) have been provided to 63 AFP members (mostly JCTT members), 31 members of state and territory police and 12 international participants from the New Zealand Police, Hong Kong Police, PNP and INP.

The IWG-TF was established with the purpose of bringing together law enforcement agencies and intelligence agencies that have intelligence gathering and enforcement responsibility for national security issues relating to terrorist financing.

ILLICIT DRUGS

The AFP continued to give high priority to identifying and intercepting the importation, trafficking and supply of illicit drugs. This was achieved in cooperation with overseas and Australian law enforcement partners. These activities are in line with the Australian Government's Tough on Drugs initiative. The National Drug Strategy promotes and supports federal law enforcement agencies creating an environment hostile to drug trafficking.

Traditional drug types continue to be imported into Australia. Of particular note in 2004–05 was the substantial increase in AFP seizures of MDMA which was likely to have been targeted towards the younger drug market. This is consistent with research suggesting that younger users prefer MDMA to traditional drugs such as heroin.

HEROIN

As in previous years, the majority of heroin imported into Australia was sourced from the Golden Triangle region of South-East Asia. Opium cultivation in this region has been declining steadily since 1998 and the most recent figures indicated that opium production in that region was less than one-third of that produced in 1998.

The United Nations Office on Drugs and Crime has reported that global opium production increased by 2 per cent in 2004. This is entirely due to a 16 per

cent increase in opium production in Afghanistan which now represents 67 per cent of the opium produced globally. Heroin produced in Afghanistan has traditionally flowed on to European markets with very little being directed to Australia.

To date there has been no evidence of increased heroin supply coming to Australia from Afghanistan, nor is there evidence to suggest the establishment of significant trafficking routes of Afghan heroin to Australia. However, criminal syndicates are known to exploit a myriad of opportunities and trafficking of Afghan heroin may present future challenges to Australian law enforcement.

During the 2004–05 financial year, 182.7kg of heroin was seized by the AFP—almost three times that seized in the previous year. However, the amount seized continued to be substantially lower than the peak seen in the late 1990s before the onset of the heroin shortage in late 2000.

Heroin seizures over the reporting period were characterised by numerous smaller detections and one large importation of more than 100kg. Australia has remained an attractive market to major drug trafficking syndicates and this increased seizure quantity may be a reflection of this continued intent to target Australia. AFP Intelligence is aware of ongoing planning by traditional syndicates and their attempts to develop new trafficking affiliations and routes. Heroin is expected to remain a considerable threat to the Australian community for the foreseeable future.

SIGNIFICANT INVESTIGATIONS

- In October 2004, 23.7kg of heroin was seized concealed inside a box aboard a liquid shipping tanker. Subsequent investigations resulted in two arrests.
- In January 2005, an AFP investigation into a syndicate involved in the importation of heroin into Australia from South-East Asia concealed in mail items, led to the intercept of a consignment of 673 grams of heroin. As a result of investigations, two Sydney men were arrested and charged with drug possession and deemed supply offences. AFP also seized a further 346 grams of heroin, and 353 grams of cannabis.
- In March 2005, AFP Adelaide executed a search warrant in Salisbury South Australia and seized 105.7kg of heroin. The seizure was the result of an ongoing targeted investigation which involved collaboration with Australian Customs Service (Customs) and liaison and

assistance from a number of international counterparts in Europe and Asia. Ongoing investigation led to the seizure of an additional 16.9kg of heroin, 83 grams of amphetamine and the arrest of four persons in Sydney NSW.

SIGNIFICANT SENTENCING DECISIONS

- Project Parsec started in 2002 as an investigation into the importation of narcotics by an international syndicate based in Australia, Hawaii and Thailand. It culminated in November 2003 with the seizure of approximately 740 grams of heroin in Bangkok and eight arrests—three in Australia and five in Thailand. During 2004–05 two of the Australian offenders pleaded guilty to conspiracy to import heroin. One was sentenced to 11 years and three months imprisonment while the other is yet to be sentenced. Of the offenders arrested in Thailand, an Australian national, was sentenced to life imprisonment for Thai narcotic trafficking offences.
- In June 2002, AFP began investigations into a minor drug courier resulting in the seizure of 208 grams of heroin carried as an internal concealment by an Australian male in March 2003. As a result of a controlled operation, three other Australian males were arrested. In May 2005, one defendant was sentenced to life imprisonment with no minimum term. This sentence automatically revoked a licence to be at large previously granted to this defendant in November 2001. The revocation of the federal licence re-instated the outstanding life sentence previously imposed on this defendant for narcotic importations. Two other Australian defendants have been sentenced to seven



Part of the largest amount of heroin ever seized in South Australia which was found in a shipping container carrying a consignment of plastic chairs.

years and six months with a minimum of five years and six months; and six years and six months with a minimum of four years and four months.

- In 2003 five people were arrested in connection with the supply of 2.1 kg of heroin. The penalties the convictions attracted were significant and ranged from four years imprisonment through to 17 years and six months.

COCAINE

After three consecutive years of decline, global cocaine production increased slightly in 2004. Colombia, Peru and Bolivia remain the largest source countries for the supply of cocaine to global markets, including Australia. A decline in coca cultivation in Colombia began in 2001. Despite this Colombia remained the largest coca grower in the world, producing 50 per cent of the world's cocaine.

The past 12 months saw an increase of almost 50 per cent in cocaine seizures, with 172.8 kg of cocaine seized by the AFP. Smaller cocaine seizures using the postal system continued to be the major method detected to import cocaine into Australia. Added to this a number of larger shipments was detected.

Of the total 211 cocaine seizures during the reporting period, almost 79 per cent of these related to importations using the postal system. The total weight of these seizures however, accounted for only 28 per cent of the drugs seized.

Detections of cocaine through the air passenger stream also continued during 2004–05. The continued trend of using multiple couriers carrying smaller amounts on flights and commonalities among detections suggests a high level of organisation. Additionally, one attempted large-scale importation, approximately 100 kg, by ocean-going vessels, was noted in Perth during August 2004. This is the first known attempt to import cocaine using this method since 2002–03.

SIGNIFICANT INVESTIGATIONS

- In August 2004, as a result of information received by AFP overseas liaison officer in South America, the AFP intercepted 100.6 kg of cocaine after it was off-loaded from a visiting bulk grain carrier that had docked in Albany Port that day. The AFP arrested a 52-year-old Bolivian national and a 23-year-old Sydney man when they tried to recover the cocaine from its hiding place.
- Since December 2004, the AFP, NSW Police and NSW Crime Commission have conducted a joint investigation relating to a criminal syndicate which conspired to import up to 30 kg of cocaine from South America. The syndicate planned to use a courier that would travel from Argentina to Sydney carrying a specially designed suitcase that would be off-loaded by corrupt baggage handlers at Sydney Airport before it could be examined by Customs. The suitcase would then be passed on to the syndicate members for distribution of the drugs. The syndicate cancelled the intended importation of May 2005, and the investigation was concluded. As at June 2005, the operation has resulted in 17 arrests for Commonwealth and NSW narcotic offences and dealings in proceeds of crime. The total cash, property and vehicles seized by the Commonwealth is more than \$5.1 million.
- In June 2005, an air freight consignment, consisting of a large decorative wooden door in a wooden crate arrived in Sydney from Mexico. The crate was subject to Customs examination which revealed the presence of approximately 6 kg of cocaine. Following seizure by the AFP, a controlled operation was conducted on 17 June 2005 to an address in Bondi, NSW. A Mexican national who accepted delivery of the crate was arrested and charged with attempt to possess a commercial quantity of cocaine imported into Australia.

SIGNIFICANT SENTENCING DECISIONS

- On 2 November 2003 a 58-year-old South African woman arrived at Perth International Airport from Johannesburg carrying six bottles of Amarula liquor. The woman's luggage was subjected to Australian Quarantine and Inspection Service (AQIS) and Customs examination which indicated that the contents of the Amarula contained cocaine. Forensic examination later revealed 1.7 kg of cocaine

was contained in the six bottles. The woman entered a plea of not guilty and in April 2005 was tried and convicted in the West Australian District Court and later sentenced to 12 years imprisonment with a non-parole period of six years back dated to the day of her arrest. Intelligence gathered indicated that the shipment of cocaine was destined for New South Wales and was organised by a South African drug syndicate.

- In April 2002, nine people were arrested for their involvement in the attempted importation of 18kg of cocaine from Brazil into Australia via Indonesia. Three Brazilian nationals arrested in Brazil in connection with the same operation were found guilty and sentenced to between nine and 12 years jail. One of the men arrested pleaded guilty and a second man was found guilty of conspiring to import the cocaine. On 13 December 2004, the two men were sentenced to 18 years with a nine year non-parole period and 18 years with an eight-and-a-half years non-parole period respectively. One of the men also received 12 months imprisonment for two charges which arose from his attempt to obtain a false passport and an unrelated cocaine supply charge.

AMPHETAMINE-TYPE STIMULANTS

Amphetamine-type stimulants (ATS) are a broad class of drugs that share similarities in chemical structure and in their physiological effects. Their harmful effects include neurological damage. The principal members of the class are amphetamine and methylamphetamine (also referred to as methamphetamine). ATS can be made from a variety of natural and synthetic starting materials. After cannabis, ATS are the most widely used illicit drugs in Australia.

Global ATS seizures have been steadily increasing since the mid 1990s with more than 25 tonnes of ATS seized worldwide in 2003. Methylamphetamine seizures continue to be concentrated in East and South-East Asia (representing 76 per cent of global seizures in 2003). Two distinct methylamphetamine products are found in East and South-East Asia: methylamphetamine tablets (often mixed with other substances, such as ephedrine and caffeine) and 'ice' (high-quality, smokeable, crystal methylamphetamine). Importations detected at the Australian border predominately have been of the higher purity form, crystal methylamphetamine, with the remainder of the Australian ATS market largely satisfied through

domestic production of methylamphetamine using clandestine laboratories. During 2004–05, the AFP seized 147.2kg of ATS—more than 100kg of this was crystal methylamphetamine. This represented a slight reduction from 2003–04 where 158.6kg was seized. The seizure of the purer form at the border is consistent with the type of seizures identified last year. The purer form is usually imported rather than domestically produced.

Although almost 76 per cent of the total numbers of attempted ATS importations (89 seizures) were made through the postal system, these only accounted for 17 per cent of the total quantity seized. As the significant achievements below indicate, organised criminal activity continues to account for the majority of ATS imported into Australia.

SIGNIFICANT INVESTIGATIONS

- In September 2004, 14.6kg of liquid methylamphetamine that had been imported inside plastic bladders decorated with cartoon characters was detected. Although the charge against the person arrested for this offence was dismissed at the committal hearing, assets of \$2.9 million were seized and forfeited.
- In October 2004, an investigation into the importation of 101.7kg of crystal methylamphetamine (ice) resulted in the arrest of three Chinese nationals. The 'ice' was concealed inside candles and had arrived by ship from Dong Geng, China.
- In January 2005, during a joint NSW Police and AFP investigation, three men were arrested at premises where they were found processing 18kg of methylamphetamine. They were each charged with manufacturing a commercial quantity of a prohibited drug.



An AFP and Customs operation resulted in the seizure of more than 1 tonne of ecstasy tablets with an approximate street value of more than \$250 million.

SIGNIFICANT SENTENCING DECISIONS

- On 18 May 2003, 93kg of methylamphetamine was seized and four persons arrested and charged with possession of a prohibited import. During the year two were found guilty and sentenced to 10 years and 12 years imprisonment.
- In January 2005, a Chinese national arrived at Cairns International Airport and a baggage examination located two 1.8 litre bottles of saki that contained 1.575kg of pure methylamphetamine. The Chinese national was arrested and charged by the AFP with importing not less than a commercial quantity of methylamphetamine contrary to section 233B of the Customs Act. The Chinese national appeared in the Cairns Supreme Court, entered a plea of guilty and was convicted and sentenced to 12 years imprisonment with a non-parole period of six years.

MDMA

(3, 4-METHYLENE-DIOXYMETHAMPHETAMINE)

In recent years it was reported that an estimated 80 per cent of MDMA production was conducted in Belgium and the Netherlands. This MDMA was then shipped to the consumer countries around the world, including Australia.

MDMA detections at Australian borders have almost doubled over the past five years, with 1968.9kg seized in 2004–05 compared with less than 200kg in 1999–2000. By 2003–04 this figure had grown to just over 1 tonne and almost reached 2 tonnes this reporting year. Border seizures of MDMA have traditionally been in tablet form. However, during 2004–05, importations of MDMA powder and liquid were also attempted—possibly in an effort to minimise law enforcement detection and to maximise profits.

While almost 70 per cent of the 122 seizures of MDMA made during 2004–05 related to attempted importations using the postal system, these accounted for less than one per cent of the total quantity seized. Non-parcel post seizures accounted for more than 90 per cent of the weight of MDMA seized. This continues to highlight that the MDMA threat was from both organised criminal groups and amateur and speculative importers.

Added to the significant increase in the seizure of MDMA, there was also a dramatic rise in the seizure



Part of the 62 box haul of MDMA tablets found hidden in the wall and base cavities of an imported bakery oven.

of the precursor chemicals used to manufacture MDMA. Information suggests that European MDMA syndicates are making moves to shift the manufacturing of MDMA away from Europe and closer to the consumption countries. During 2004–05, specialist Dutch chemists were identified manufacturing MDMA in South-East Asia and one AFP case identified a specialist Dutch chemist who had travelled to Australia to manufacture the MDMA locally.

Current drug pricing for MDMA is approximately £2.50 in London, and US\$7–8 in the United States. In Australia the price is approximately \$40 per tablet. While the profit margin remains high in Australia there will be an ongoing threat posed from the importation of MDMA and precursor chemicals.

SIGNIFICANT INVESTIGATIONS

- In November 2004, an investigation into the importation of 557.8kg of MDMA, methylendioxyethylamphetamine and methylamphetamine concealed within a false industrial bakery oven from Germany was undertaken. The tablets and powder were located in 62 cardboard boxes concealed within the oven. The investigation led to the arrest of two men after they opened the concealed section of the bakery oven and removed 62 boxes. The investigation also enabled the Belgian Federal Police to arrest and charge two men in relation to the exportation of the narcotics from Europe.
- In October 2004, a joint AFP–Queensland Police investigation into the importation and distribution of ecstasy tablets in Australia led to the arrest of four men and the seizure of 87kg of MDMA and \$9000.
- In March 2005, as a result of intelligence gathered by AFP investigators, 2 tonnes of MDMA precursor chemicals were seized and two persons arrested. Precursor chemicals weighing 1 tonne was loaded into a vehicle and was being driven to Sydney when intercepted. The other tonne was located after search warrants were executed at the suspect's departure location. The seizure contained 98.5 per cent MMDMG methyl (3-4 methylenedioxyphenyl) which is the starting material for MDP2P, a more recognised precursor for MDMA.
- In April 2005, as a result of intelligence, AFP and Customs seized 1236kg of MDMA and made five arrests. The shipment was concealed in a container from Italy contained within eight pallets of ceramic tiles. AFP and Customs continue to liaise with Italian authorities regarding this importation. With an

Table B – Drug seizures Federal Agencies(a)

Type of drug	2004-05		2003-04	
	Number of Drugs Seized	Weight grams	Number of Drugs Seized	Weight grams
MDMA	122	1,968,996	286	1,004,784
Amphetamine – Other	89	147,182	87	158,577
Cannabis	286	4,616	538	606,488
Cannabis Resin	40	575	84	4,591
Cocaine	211	172,833	675	112,034
Hallucinogens	15	75	28	672
Heroin	84	182,755	91	62,071
Precursor	12	3,113,247	17	39,121
Other	237	21,705	237	31,327
No Prohibited Substance Detected	82	13,685	260	53,975

Footnotes: (a) The figures are correct to 12 August 2005 and include seizures awaiting analysis to confirm both weights and presence of the illegal substance. Recorded weights and drug types may vary from those previously reported. Seizures by 'federal agencies' include those made by the AFP, Australian Customs Service and the Joint Asian Crime Group where the drugs have been held in AFP custody.

SOURCE: PROMIS as at 12 August 2005



Customs and AFP cooperated in the interception of methylamphetamine concealed in saki bottles in January 2005.

approximate street value of \$250 million this seizure was Australia's largest to date and one of the world's biggest ever single detections of the street-ready drug.

SIGNIFICANT SENTENCING DECISIONS

- In January 2004 three people were arrested following the discovery of 42.5kg of MDMA concealed in two envirotainers (containers for shipments of temperature sensitive products). During the reporting period, three people were convicted in relation to this matter. Sentences ranged from nine years down to three years and six months imprisonment.
- A joint AFP, NSW Police and NSW Crime Commission investigation took place of an organised crime syndicate, based in the Netherlands, Europe and Australia and involved in the importation and distribution of a commercial quantity of ecstasy into Australia. The investigation resulted in three arrests in Australia and the seizure of approximately 235.5kg of MDMA in Sydney in December 2002. An Australian national was arrested for offences contrary to the Customs Act. On 2 September 2004, he was sentenced to 20 years imprisonment with a non-parole period of 15 years.
- Between June and November 2003, the AFP conducted a joint investigation with the Belgian Federal Police concerning a Belgian-based criminal group involved in facilitating the worldwide shipment of narcotics concealed in agricultural machinery. In October 2003, a consignment arrived in Sydney from Belgium containing 195.5kg of MDMA. In November 2003, six people were arrested in Australia for offences contrary to the Customs Act and nine people were arrested in Belgium. In November 2004, a Belgian national was convicted in Australia and is currently awaiting sentence. In March 2005, an Australian national was sentenced to 12 years imprisonment with a non-parole period of eight years. One defendant in Australia is yet to be sentenced.
- In January 2003, AFP arrested two men on the Gold Coast following an investigation into the alleged importation of approximately 4.5kg of MDMA which was detected by Customs officers in Brisbane on 17 December 2002. The parcel which had been sent from the United Kingdom to a Gold Coast address was examined by Customs officers who detected the grey coloured tablets. The tablets were subject to forensic examination and were found to be ecstasy. The tablets were concealed under false bottoms in two sports bags within the parcel. One bag was found to contain 10 sealed plastic bags and the other contained nine plastic bags all of which contained a quantity of tablets. AFP conducted a surveillance operation in the Mermaid Waters area, which culminated on 3 January when search warrants were executed on two houses. On 4 January 2003 two Gold Coast men were charged by AFP officers. On 3 March 2005 after a four-day trial, the jury returned a verdict of guilty in relation to both men. One of the men was sentenced to 11 years imprisonment with a minimum term of five and a half years. The other man was convicted and sentenced to seven years imprisonment with a three and a half year minimum.

PEOPLE SMUGGLING

A section 37(2) Ministerial Direction dated 31 August 2004 requires the AFP to give special emphasis to preventing, countering and investigating organised people smuggling. In accordance with the direction, the AFP continued to investigate and disrupt organised people smuggling to Australia.

In 2000, the People Smuggling Strike Team (PSST) was established under Australian Government funding to counter people smuggling by boat to Australia. This funding has been extended to 2008. PSST members are drawn from AFP and Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) investigators and an attached AFP-DIMIA Intelligence team.

Throughout the year, the PSST continued to work closely with other AFP investigation teams, the AFP International Network, Australian Government agencies and international law enforcement agencies in the investigation of people smuggling ventures. A number of instances of people smuggling by air using falsified, forged or improperly obtained documents was detected—resulting in a number of successful prosecutions. Work also continued on long-term investigations of major organised people smugglers during the reporting period. Three major prosecutions have been through the courts.

During the reporting period no instances of unauthorised non-citizens being transported by boat to Australian territory were detected. However it is believed that Australia remains a target destination for people smuggling syndicates in South-East Asia. People smuggling by air was also an ongoing concern and the AFP continued to dedicate intelligence and investigative effort to this area of crime.

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 a second People Smuggling Regional Targeting Workshop in Colombo, Sri Lanka in December 2004.

The workshop consolidated on existing initiatives and continued to identify transnational people smuggling or trafficking targets of interest to a significant number of participating countries. As a result of this workshop there has been a considerable increase in the level of cooperation and information sharing between policing agencies.

SIGNIFICANT INVESTIGATIONS

- A Pakistan national was extradited from Thailand in November 2004 for allegedly organising the illegal arrival into Australian territory of persons aboard an illegal entry vessel in 2001. He was charged at the Perth Court of Petty Sessions with two counts under section 233(1) (a) of the *Migration Act 1958*.
- In June 2005 an alleged people smuggler was found guilty by a jury of the Brisbane Supreme Court over an incident relating to a vessel subsequently referred to as the SIEV-X (Suspected Illegal Entry Vessel-10) in which approximately 353 people lost their lives when the vessel sank during its voyage to Australia in October 2001. In July this person was sentenced to nine years imprisonment with a non-parole period of four and a half years back dated to May 2003.



In 2000, the People Smuggling Strike Team (PSST) was established under Australian Government funding to counter an increase of people smuggling by boat to Australia. During 2004–05 there were no recorded instances of unauthorised arrivals to Australia of non-citizens being transported by boat.

SIGNIFICANT SENTENCING DECISIONS

- In December 2004 a Pakistan national, who was extradited from Thailand in July 2003 to face charges of allegedly organising the illegal arrival in 2001 of 396 people aboard two vessels, was found guilty on two counts under section 232A of the Migration Act before the Perth District Court. In December 2004 the male was sentenced to a maximum of 12 years imprisonment with a non-parole period of seven years (backdated to 19 December 2001).
- In September 2003, an Iraqi national was extradited from Thailand to Australia to face charges relating to having allegedly organised the illegal arrival of 359 people aboard four vessels between 2001 and 2003. He was convicted by the Darwin Supreme Court after pleading guilty to charges under section 232A of the Migration Act and another vessel which falls under the Crimes Act, meaning that it can only be taken into account at sentencing without any conviction recorded. In September 2004 the man was sentenced to a maximum of eight years with a non-parole period of four years, backdated to his arrest in Thailand in June 2002. This person will be subject to an application to be removed from Australia upon completion of his sentence.
- In April 2005, Customs and DIMIA identified two Chinese nationals travelling on altered Japanese passports attempting to enter Australia through Cairns International Airport. Both Chinese nationals were denied entry to Australia and AFP arrested and charged a Japanese national with bringing into Australia two non-citizens contrary to section 233(1)(a) of the Migration Act. The Japanese national was convicted and sentenced in the Cairns Magistrates Court to two months imprisonment.

HUMAN TRAFFICKING (SEXUAL SERVITUDE)

Australia is a destination country for human trafficking, that is, a country that receives victims of human trafficking. The primary source of trafficking victims to Australia is South-East Asia, although a smaller number also have been trafficked from Europe to Australia in the past. During the 2004–05 year the nationalities of victims identified in Australia have been Thai, Korean, and Indonesian. Thai women form the majority of cases with differing forms of exploitation in relation to working conditions and terms. In 2004–05 the AFP identified 16 victims from Thailand, one from Indonesia and from the Republic of Korea.

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

Human trafficking continues to involve other criminal activities, surrounding debts incurred, travel and identity (for example production of false identity cards, passports and travel documents) as well as money structuring and laundering and an understanding of migration governance, procedures and laws.

Identity fraud and immigration fraud are connected intimately with this crime type. The criminal element of human trafficking occurs in a series of phases identified as recruitment, facilitation, transportation, distribution, and the final element of exploitation.

Since the introduction in 1999 of the Criminal Code (Slavery and Sexual Servitude) Amendment Act the AFP has investigated 105 matters relating to human trafficking for the purposes of sexual servitude and slavery. However, due to competing factors victims are sometimes reluctant to provide police with information which would support further investigation. Subsequently, many cases did not proceed to prosecution.

As part of an Australian Government package in 2003, the AFP established the Transnational Sexual Exploitation and Trafficking Team (TSETT) to enable the AFP to better combat human trafficking and child sex tourism. The AFP international liaison officer network is used extensively for TSETT matters.

To date 40 victims have been identified. During the last financial year there have been 29 investigations undertaken and 23 victims identified.

SIGNIFICANT INVESTIGATIONS

- In December 2004, two Australian males were arrested and charged with offences pursuant to section 270 of the Criminal Code (Slavery and Sexual Servitude) Amendment Act. An additional Australian male was charged with offences relating to the Migration Act where it is alleged he facilitated the extended stay of two Thai women by presenting false protection visa applications to DIMIA. Eight Thai victims have provided statements to police regarding the slavery offence.
- In 2004 the Sydney office began an investigation of allegations regarding sexual servitude made by a female Thai national. The investigation was conducted jointly with the Royal Thai Police. In July 2004, two Australian citizens were arrested in Sydney and charged with offences relating to sexual servitude and slavery. On that same date, Royal Thai Police arrested five people in Thailand, including the suspected syndicate head. The investigation has included the involvement of a Sydney migration agent who was suspected of arranging protection visas for sex workers referred to him by the defendants. These applications were submitted with fictional claims. The AFP has also cooperated in the conduct of Australian Crime Commission special examinations into allegations of sexual servitude involved in this case and others.

CHILD SEX TOURISM

The AFP is responsible for all investigations where Australian citizens or permanent residents commit offences against the *Australian Crimes (Child Sex Tourism) Amendment Act 1994*. This legislation is specifically designed to allow for extra-territorial child sex offences to be prosecuted within Australia. The legislation promotes the investigation of offences by the law enforcement officials of the country where the offence took place, while at the same time providing for the prosecution of offenders who have escaped the jurisdiction or capacity of investigating police from other countries. The legislation contains penalties of up to 17 years imprisonment for those who facilitate this type of crime.

The AFP works closely with Australian Government departments and agencies. The child sex tourism legislation and the amendments to the Criminal Code for Human Trafficking place specific focus on the exploitation and movement of children for the sexual gratification of others. Trends indicate that Australians, predominately men, travel outside Australia where penalties are lower; access to children is higher and law enforcement is less robust.

Access to children in developing nations provides an opportunity for offenders to commit sex crimes and hide behind low capacity, poor enforcement and socio-economic factors.

As law enforcement authorities in Thailand and the Philippines are devoting more resources to investigating child sex tourism, child sex offenders are seeking other destinations. The AFP leads international efforts to combat sexual offences against children. Through its International Network, the AFP contributed significantly to international investigations aimed at combating child sex offences. Australia has signed memorandums of understanding (MOUs) 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. Trends indicate that Asia and the Pacific are targeted although Africa and South America have conducted investigations through local authorities where Australian men have been charged.

Child Wise is the Australian arm of ECPAT (End Child Prostitution, Child Pornography and Trafficking of Children for Sexual Purposes). In December 2003, Child Wise initiated an advertising campaign called Don't Let Child Abuse Travel, launched by Commissioner Keelty. There is a link from the AFP website to allow members of the public to report suspected child sex tourists. This link will be introduced with the launch of the new Child Wise campaign later in 2005.

During the reporting period, the AFP began 24 active investigations into child sex tourism. Of these 24 investigations, four people have been charged, two are currently before court and one has pleaded guilty to child sex tourism-related offences and is awaiting sentencing. The AFP continues to monitor Australian citizens convicted in overseas countries for child sex offences and works in conjunction with overseas law enforcement agencies to offer support to their investigations into this crime type.

SIGNIFICANT INVESTIGATIONS

- In January 2004, the AFP received information from the Royal Papua New Guinea Constabulary (RPNGC) pertaining to the indecent dealing of a young PNG girl by an Australian citizen while he was in PNG. In August 2004, the Australian citizen was arrested and charged with two counts of engaging in sexual activity with two children under the age of 16 years contrary to section.

50BA of the Crimes Act. The charges related to two separate incidents which took place in Port Moresby between 1996 and 2001.

- The AFP received information regarding two males who were alleged to have travelled to the Philippines to engage in child sex tourism. Search warrants were executed on the homes of both suspects and evidence of child pornography was located. One of the offenders has since been charged under NSW legislation for possession of child pornography. Charges against the other offender are pending.

SIGNIFICANT SENTENCING DECISIONS

- In July 2004, an Australian citizen was arrested and charged by the Sydney office with a number of child sex tourism offences. The offender pleaded guilty to one offence committed on an eight-year-old girl in Vietnam. In March 2005 he was sentenced to a period of 18 months imprisonment together with an 18 month recognisance release order, effective from the date of release from prison.
- In June 2004, an Australian citizen was found in a Manila hotel room with two young girls. He was formally charged by the Philippines National Police for violations of Filipino child law. The offender returned to Australia after being released on bail. AFP began an investigation in Australia and seized a large quantity of explicit photographs and film depicting young Asian females. The offender has pleaded guilty to the importation of child pornography and was sentenced to 12 months imprisonment.

ECONOMIC AND SPECIAL OPERATIONS

The AFP has continued to direct resources to high impact investigations to address serious and complex fraud against the Australian Government and its agencies. The Commonwealth Fraud Control Guidelines (2002) outline obligations and responsibilities for the AFP to ensure there is a systematic, comprehensive and effective crime management approach to Commonwealth fraud.

The Economic and Special Operations portfolio of the AFP is responsible for the investigation of major fraud against the Commonwealth. It commits significant resources to investigate a diverse range of crime types within that functional stream. The objective of the portfolio is to position the AFP both nationally and internationally as the provider of choice for expert advice and best practice across the diverse range of crime types within Economic and Special Operations. The crime types addressed by the portfolio include:

- economic
- corporate and bankruptcy
- counterfeit currency
- fraud
- Money Laundering and the Financial Transaction Reports Act 1988
- transnational economic
- special operations
- child sex offences (not child sex tourism)
- civil proceedings
- corruption
- electronic and telecommunications crime
- environmental crime
- family law
- federal parole
- general crime
- identity crime
- intellectual property
- missing persons
- multiple voting
- online child sex exploitation
- war crimes.

Economic and Special Operations continues to focus on partnerships with other government agencies and the private sector in regard to national and international investigations with prevention and protection of Commonwealth interests in Australia and overseas.

The AFP supports the Commonwealth by posting federal agents to various Australian Government agencies. Officers provide advice on agency

investigations and provide assistance in the execution of search warrants to enable Australian Government agencies to progress their investigations. The primary purpose of posting AFP agents is to assist agencies to improve performance in identifying, detecting and investigating offences by building agency investigative capacity.

For example, in the international environment the MOU between the AFP and the Singapore Police Force provides for cooperation with the Economic and Special Operations portfolio concerning money laundering, cyber-crime, transnational economic crime and identity fraud.

Microsoft Australia joined with the Australian High-Tech Crime Centre (AHTCC) to assist in providing education and training to Australian law enforcement agencies to help in the fight against cyber-crime. The AHTCC ran a Forensic Computing and Computer Investigations Workshop at the AFP College in Canberra. It was conducted by local and international Microsoft security experts, the FBI and a number of other specialists in cyber-crime. The workshop addressed cyber-crime threats that affect Australian business, government agencies and citizens and is part of the ongoing collaborative partnership between Microsoft and law enforcement agencies around the world.

The AHTCC joined law enforcement agencies across three continents to launch a web-based initiative designed to deter and prevent individuals from committing child abuse online and to educate people with respect to the safety of children online. The initiative saw international partnerships between law enforcement agencies and industry in Australia, the United Kingdom, Canada, the United States and Interpol, and aims to become a one-stop shop for all information about child protection online.

CORPORATE AND BANKRUPTCY

The AFP provides assistance to both the Australian Securities and Investments Commission (ASIC) and the Insolvency and Trustee Service of Australia (ITSA) who have respective responsibility for enforcing corporate legislation and administering and enforcing issues relating to bankruptcy in Australia.

The AFP works jointly with ASIC and ITSA to investigate incidents of complex corporate fraud and bankruptcy providing specialist investigative, technical and forensic support.

The AFP received 36 referrals of a corporate and bankruptcy nature with eight being rejected for inconsistencies with service agreement arrangements. The remainder were actioned.

During the reporting period the bulk of assistance by the AFP to both ASIC and ITSA in matters of a corporate and bankruptcy nature involved search or arrest warrants. On numerous occasions, the AFP was also required to arrest bankrupts attempting to leave the country in contravention of their bankruptcy. This action is valuable in preventing undischarged bankrupts from absconding from Australia prior to discharging their obligations.

SIGNIFICANT INVESTIGATIONS

- In February 2003 ITSA referred a matter to the AFP involving an undischarged bankrupt who obtained credit from several creditors without disclosing that he is an undischarged bankrupt. He also failed to disclose other creditors in his Statement of Affairs lodged with ITSA. In April 2005, he was convicted and fined \$2500 plus costs of \$1 500 including disbursements of \$902.
- The AFP investigated a bankrupt using an alias declared himself bankrupt on five separate occasions. During his fourth bankruptcy he entered into 11 mobile telephone contracts in 42 days without disclosing that he was an undischarged bankrupt. He was convicted and sentenced to a 12 month Community Based Order for offences committed as an undischarged bankrupt contrary to section 269(1)(ac) of the *Bankruptcy Act 1966*.
- The AFP investigated the activities of a declared bankrupt for a number of offences against the Bankruptcy Act. In September 2004 the offender was convicted of nine charges under the Bankruptcy Act and sentenced to 18 months imprisonment.

CORRUPTION (SPECIAL REFERENCES)

The AFP is responsible for the investigation of sensitive matters and special references from Government and government departments. These investigations can include a diverse range of offences including corruption of public officers, unlawful disclosure of Commonwealth information, war crimes and other matters that may impact on good government.

Investigations of unauthorised disclosure of information usually result from non-adherence to Commonwealth Protective Security Manual (CPSM) requirements relating to document management.

The AFP continues to upgrade and refine a training package for delivery to government agencies that

incorporates, amongst other things, the CPSM requirements on document handling and security. This package is offered to agencies where leaks are identified.

SIGNIFICANT INVESTIGATIONS

- A joint investigation between the AFP and DIMIA identified alleged corruption within an Australian Government agency. Execution of search warrants located documents that were alleged to have been stolen from a government agency and provided to a third party.
- An investigation into the unauthorised disclosure of confidential Cabinet documents including a letter from the Minister for Immigration and Multicultural and Indigenous Affairs to the Prime Minister. A search warrant was executed and the documents were recovered. The offenders could not be identified.
- An investigation was conducted into the unauthorised disclosure of classified ASIO documents. Two suspects have been identified and briefs of evidence have been prepared and submitted to the Commonwealth Director of Public Prosecutions (CDPP).
- During the past financial year there have been 54 corruption matters reported to the AFP. Of that number 33 were actionable by the AFP. This figure is comparable to the previous year when 32 matters of corruption were reported. There was a small number of complaints received directly from members of the public as opposed to agency referrals.
- A joint AFP, state police and Commonwealth agency investigation uncovered evidence of inappropriate relationships between a now ex-member of a government agency and others involved in the illegal tobacco industry. This led to the execution of search warrants and the two arrests.

COUNTERFEIT CURRENCY

The AFP in conjunction with the Reserve Bank of Australia (RBA) and Note Printing Australia (NPA) have continued to develop and implement innovations and strategies during the past 12 months to further improve AFP service and capability regarding counterfeit currency activities. This has included the delivery of training packages to AFP offices in four states, development of electronic and hardcopy information packages for state and territory police, and a range of industry participation activities such as conducting crime prevention presentations.

A total of 39 new AFP national cases relating to counterfeit currency investigations were raised during the reporting period, which is almost double that of the previous financial year. ACT Policing recorded 14 incidents in relation to counterfeit currency within their jurisdiction.

A generic case continues to be used for managing seizures of counterfeit notes where no AFP prosecution action was applicable. State police activity is also being captured in this generic case with recording of suspect and offender details. The AFP continues to assist state and territory police with their counterfeit currency investigations.

The AFP and RBA continue to carry out regular destruction of condemned counterfeit currency.

STATISTICS AND ANALYSIS

During the past three calendar years there has been a decline in the face value of counterfeit Australian notes seized by the AFP. The table below provides statistics of counterfeit currency seized compiled by the AFP using monthly information supplied across Australia.

During the past 12 months there has been an increase in counterfeit currency investigations from the previous reporting period. Several factors contributed to the surge in referrals.

There was an increase in the counterfeiting of prescribed securities, namely US Federal Reserve Bearer Bonds, which are listed in the *Crimes (Currency) Act 1981*. These offences were committed in association with fraud offences by falsely purporting that an offender has access to large sums of currency.

When compared statistically to other countries the incidents of counterfeit currency is still low. In recent months Australia has experienced an increase in casual counterfeiting which is in line with current overseas trends. Casual counterfeiting is when individuals produce counterfeit money from digital devices in short print runs. This also occurs in overseas countries. However, currencies such as the US dollar and the Euro are regularly

**Table C – Counterfeit currency statistic
(Comparison of three years)**

	2002	2003	2004
Australian notes (\$)	523 130	288 905	242 475
Australian coins (\$)	93	4547	18
United States (\$)	86 650	90 030	119 275 300
Euros	7300	16 950	600
British pounds sterling	55	120	350

counterfeited in clandestine print shops utilising highly sophisticated and expensive equipment capable of producing high quality volume runs of counterfeit currency in relatively short time frames. Since the introduction of polymer bank notes this has not been detected in Australia.

SIGNIFICANT INVESTIGATIONS

- AFP members seized a number of counterfeit US Federal Reserve Bearer Bonds with a total face value of US\$1300 million. In addition, there were several documents purporting to be US Treasury certificates, possibly used to legitimise the notes. A person was charged with offences under the Crimes Currency Act.
- The AFP received information that a number of counterfeit Australian notes bearing the same serial numbers had been passed at a number of locations. A joint investigation with the Northern Territory Police resulted in a suspect being arrested. Execution of search warrants located counterfeiting equipment and counterfeit notes. Subsequent judicial proceedings resulted in the offender being sentenced to a maximum of seven years and six months imprisonment with a four year non-parole period.

ELECTRONIC AND TELECOMMUNICATIONS CRIME

The AFP recognises the emergence of electronic and telecommunications crime as an area of concern both locally and internationally. In addition to the AHTCC, the AFP has members working jointly with state police conducting investigations into electronic and telecommunication crimes. Crimes investigated include denial of service attacks, unauthorised access, making modifications to a database, interception of a communication and making menacing telephone calls.

During the reporting period there were 138 matters referred to the AFP that fall into the electronic and

telecommunications crime type. This compares with 131 in the previous reporting period.

SIGNIFICANT INVESTIGATIONS

- Allegations were investigated into a Brisbane man causing unauthorised modifications to the data in his employer's computer network resulting in the entire customer database being deleted. A Brisbane man has been charged and court proceedings have begun.
- The AFP is investigating allegations that a former Commonwealth employee accessed the Internet unlawfully and incurred costs related to excess use of the service from both their place of work and home address. A brief of evidence has been referred to the CDP.
- AFP investigated allegations that a former employee of an economics consultancy firm accessed the company computer systems before the termination of his employment, gaining unauthorised access to sensitive documents. It is alleged these documents were subsequently passed on to competitors. This matter is currently before the courts.

AUSTRALIAN HIGH-TECH CRIME CENTRE

Since its launch in July 2003, the AHTCC has experienced growth across all aspects of its operations. The AHTCC is staffed with approximately 28 members and receives approximately 100 referrals per week through its website <www.ahtcc.gov.au> and 24-hour telephone hotline, in addition to its own proactive investigations and referrals from other agencies.

The AFP has substantial investment in the centre. Funding under the E-Security National Agenda covers expenditure on accommodation, computers, telecommunications, training, equipment, case management systems, vehicles, travel, legal support, access to the AFP international liaison officer network and other sundry costs.

A significant amount of the AHTCC's work involves education and prevention of high-tech crime through cooperation with law enforcement, government agencies, industry groups and private organisations.

While the AHTCC is primarily staffed by AFP members, it includes police seconded from New South Wales, Victoria, Tasmania, Western Australia, Northern Territory and South Australia. Queensland Police are in the process of nominating a staff member for secondment. The AHTCC also has seconded personnel from appropriate government agencies as required. There are also representatives

from the Commonwealth Bank, ANZ, St. George Bank, Westpac and National Australia Bank under the Joint Banking and Finance Sector Investigations Team.



A significant amount of the AHTCC's work involves education and prevention of high-tech crime through cooperation with law enforcement, government agencies, industry groups and private organisations.

Due to the international nature of high-tech crime, the AHTCC continues to build upon the strong relationships already developed with partner law enforcement agencies overseas in conjunction with the AFP's International Network.

Under the Australian Government's E-Security National Agenda, the AHTCC participates in forums relating to the protection of Australia's critical national information infrastructure in operational cooperation with the ASIO and Defence Signals Directorate. The AHTCC also contributes to various international programs relevant to critical infrastructure, in particular meetings held under the auspices of Asia-Pacific Economic Cooperation (APEC).

In cooperation with the Australian Computer Emergency Response Team (AusCERT), the AGD and state and territory police, the AHTCC contributed to the development of this year's Australian Computer Crime and Security Survey, which provides a snapshot of the security operations of Australia's private and public sector organisations. A copy of this report is available on the AusCERT website <www.auscert.org.au>.

Operationally the AHTCC has conducted investigations and intelligence operations across a range of crime types either independently or in conjunction with teams from the AFP or state and territory police, including 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 provides a central contact point and referral role for Australian and foreign online child abuse referrals. This includes Interpol, international law enforcement agencies, non-governmental organisations and members of the public.

VIRTUAL GLOBAL TASKFORCE

The Virtual Global Taskforce, of which the AHTCC is a founding member, was created in November 2003. The taskforce's mission is for law enforcement to work together globally to reduce the incidence and impact of online child sex exploitation. Current members of the taskforce include the AHTCC, National Crime Squad (England and Wales), Royal Canadian Mounted Police, US Department of Homeland Security and Interpol. The AHTCC's role is to:

- represent Australian law enforcement interests internationally
- develop industry partnerships in Australia to further effective investigation and crime prevention activities
- maintain the Australian content on the taskforce website
- coordinate enquiries received through the taskforce website's online reporting.

The November 2004 taskforce meeting in Canberra, was followed by a workshop with key industry representatives to develop strategic partnerships and to introduce industry to the concept of the taskforce. Partnership with industry remains strong and is demonstrated by many of these agencies displaying the taskforce logo and hyperlink on their websites.

The joint website <www.virtualglobaltaskforce.com> was launched simultaneously in all member countries in January 2005, with the Australian launch held in Canberra by the AHTCC and AFP Commissioner. The site is a gateway to a wide range of information on how to use the Internet safely, and links to support agencies that can advise and support victims of abuse. It also sends out a clear message to those who use the Internet to search for and share images of child abuse, or approach children to groom them for sexual abuse: that law enforcement is active online and that the Internet is not an anonymous place.

The aim, over time, is for the website to become a gateway to all relevant information about child protection online. Since the launch in January, the website has received 8 101 759 hits, 104 160 visits, and 4 530 external web pages linked to the site.

Australian partners linking to the site include Australian Broadcasting Authority (renamed the Australian Communications and Media Authority from 1 July 2005), NetAlert, Department of Communications Information Technology and the Arts, Visa International, BigPond, FujiFilm, Sophos and Australian Institute of Family Studies.

JOINT BANKING AND FINANCE SECTOR INVESTIGATIONS TEAM

The Joint Banking and Finance Sector Investigations Team (JBFSIT) was launched on 20 May 2005 and consists of police investigators and seconded bank staff from each of Australia's largest five banks. The team focuses solely on online banking fraud involving the unauthorised access to Internet banking services by means of stolen logon information captured through phishing or malicious software.

In March 2005, the Australian Bankers' Association and the AHTCC collaborated to produce three fact sheets which provide consumers and small business with important information about online security. The three fact sheets were entitled:

- *Protecting Your Information Online*
- *Protecting Your Financial Identity*
- *Small Business—Protecting Your Business Information Online.*

Advertisements relating to these fact sheets were published in national newspapers in all states and territories.

SIGNIFICANT INVESTIGATIONS

- The AHTCC launched Operation Auxin to take action against Australian persons of interest that came to notice during the US-led Operation Falcon. The AHTCC, in consultation with all jurisdictions, coordinated the preparation and implementation of an investigative agreement. This resulted in the execution of more than 548 search warrants and arrests/summons to be issued on 318 persons of interest across Australia by state and territory police services. The majority of these search warrants were executed during a nationally-coordinated period of action in late 2004.
- A person gained unauthorised access to a company's computer systems on numerous occasions accessing financial and legal documents and passed them on to a third party. In conjunction with the AHTCC, the AFP investigated the allegations and executed search warrants, obtaining evidence in relation to the alleged offences. The person was subsequently charged with obtaining unauthorised access to restricted data.

ENVIRONMENTAL CRIME

The AFP has an Environmental Crime Management Strategy addressing biodiversity conservation, heritage protection and air, land and water pollution. Environmental crime has the capacity to seriously harm the economy and the environment of the Australian and international community. The AFP protects the environment by preventing, deterring or prosecuting environmental crime using Commonwealth legislation.

The AFP's Hobart office continues to be involved in the Tasmanian Environmental Crime Working Party, with representation from Australian Government and state agencies including the Department of Environment and Heritage (DEH), the Australian Fisheries Management Authority, the Australian Maritime Safety Authority, the National Oceans Office, the Australian Antarctic Division, Customs, AQIS, Water and the Environment, the Department of Primary Industries, the Department of Tourism, Parks, Heritage and the Arts, the Tasmanian Police, Quarantine Tasmania and Inland Fisheries Service.

On 1 July 1987, the *Protection of Movable Cultural Heritage Act 1987* came into effect permitting foreign countries to formally request the Australian Government to facilitate the return of protected objects (including fossils), the export of which is prohibited under laws of the foreign country.

Through their diplomatic missions in Australia, countries may request the assistance of the Australian Government to investigate cases and retrieve exported fossils and artefacts. Those items may be returned in accordance with the 1970 United Nations Educational, Scientific and Cultural Organization (UNESCO) Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property.

In the reporting period there have been 16 matters referred to the AFP of a cultural or heritage nature. These include incidents of illegally dealing with war relics, cultural property and artefacts, and illegal trafficking in fossils. The AFP provides general assistance to the Department of Environment and Heritage by posting an AFP federal agent at the department and by providing forensic assistance.

SIGNIFICANT INVESTIGATIONS

- A matter was referred to the AFP by the DEH into clearing activity along a railway line which resulted in endangered and vulnerable species of vegetation being damaged. The alleged offender was summonsed to appear before court.

- A number of investigations concerning Chinese and Argentinean fossils and Egyptian antiquities were conducted after the DEH alerted the AFP to instances where fossils and artefacts had been offered for sale on the Internet. Investigations conducted by the AFP resulted in the recovery of these items.

SIGNIFICANT SENTENCING DECISIONS

- A joint AFP, Great Barrier Reef Marine Park Authority (GBRMPA) and the Australian Maritime Safety Authority investigation into a 100km oil discharge in the vicinity of the Whitsunday Islands by the vessel *Pacific Quest* in 2002 resulted in court appearances this reporting year. A corporation was fined \$180 000.
- In July 2002, the Greek-registered bulk carrier *Doric Chariot* ran aground on Piper Reef in Far North Queensland. Piper Reef is located within the Great Barrier Reef Marine Park and is a habitat protection zone. The GBRMPA referred the matter to the AFP for investigation. In November 2004 the *Doric Chariot* Corporation and the ship's second officer pleaded guilty to the charge of damage under the *Great Barrier Reef Marine Park Act 1975* and were subsequently convicted and fined \$100 000 and \$10 000, respectively.
- In January 2004, the New South Wales National Parks and Wildlife Service contacted the AFP alleging that a whale had been caught and killed by crew members of a vessel sometime between 11 and 12 January 2004, while the vessel was long-line fishing approximately 200 nautical miles west of New Zealand. Investigations revealed that at least two crew members witnessed the capture and harpooning of the whale. Approximately 10kg of whale flesh was then removed by crew members, and the carcass disposed of at sea. The flesh was cooked and eaten by crew members. Investigators took possession of flesh samples and provided them to the Australian Museum for analysis. The museum found the samples to have come from a Cuvier's beaked whale. A brief of evidence has been referred to the CDPP.

EXTERNAL TERRITORIES

The AFP provides sworn members to all the territories to enable the delivery of a policing service. AFP members are supported in their duties by local community members sworn as special constables.

CHRISTMAS ISLAND

AFP staffing on Christmas Island consists of one sergeant, three constables and one locally engaged full-time special member with three other special members rostered on a part-time basis. The police team is fully funded by the Department of Transport and Regional Services (DOTARS) to provide community policing to the island community.

In addition to normal policing duties, the AFP is responsible for regulatory functions such as service of court documents and civil process, boat registration and marine compliance, and vehicle licence testing. The police team continued crime prevention initiatives and actively participated in diversionary conferencing through the Juvenile Justice teams which is part of the Department of Justice in Western Australia.

During the financial year the police team successfully prosecuted illicit drug offenders, minor criminal matters and traffic offences. The judicial process on the island has undergone significant changes following legislation enacted by the Western Australian Government. The police team has undergone training to ensure compliance with these changes.

The police team was involved in a number of significant rescue operations during the financial year. In December 2004, a recreational fisherman was located by police three nautical miles off the island. In February 2005, the MCS *Dennisse* was adrift at sea and posed a serious threat of colliding with the island. Police participated in a rescue and assistance mission to the stranded vessel.

During the latter part of the financial year the police team utilised Police Real-time Online Management and Investigations System (PROMIS) for recording operational activity. This has resulted in increased accountability and provided a valuable link between Christmas Island and mainstream indices for the purpose of information management.

COCOS (KEELING) ISLANDS

AFP staffing on Cocos (Keeling) Islands consists of one sergeant, one constable and a locally engaged full-time special member. The AFP continued to provide community policing, customs, quarantine, and immigration services. A part-time special member based on Home Island assists with regulatory functions.

The police team on the Cocos (Keeling) Islands is also fully funded by DOTARS, to provide community policing to the island community.

In April 2005, Cocos was threatened by tropical cyclone Adeline. This cyclone developed into a

category one tropical cyclone as it approached Cocos and during that night passed over Cocos. A large number of trees were uprooted and some damage to infrastructure resulted. There were no injuries to the community.

The Cocos Island police have been involved in eight sea rescues. These included the investigation and response to emergency position indicating radio beacon activations and the rescue of vessels at sea.



The AFP provides sworn members to Australia's External Territories. They are supported in their duties by local community members sworn as special constables.

NORFOLK ISLAND

The AFP provides a policing service to the Government and Administration of Norfolk Island in accordance with the Norfolk Island Policing Arrangement.

The AFP provides a principal police officer and two sworn members for a two-year term. The Norfolk Island Government provide four locally-recruited special constables, one who is employed on a full-time basis. The principal police officer is also responsible for a range of ancillary services.

In July 2004 a young man was arrested and charged with the shooting murder of his father, the Minister for Land and Environment, in his office at the Legislative Assembly. In July 2005 the offender was found not guilty by reason of mental impairment.

In January 2005 three local men were arrested and charged after a home invasion in which shots were fired. They have all been committed for trial on a date to be fixed.

The Norfolk Island Police have continued education and enforcement programs particularly in relation

to traffic and property offences during the reporting period.

Throughout 2004–05 the three-member investigation team from the AFP have continued their inquiries into the March 2002 murder of Janelle Patton on Norfolk Island.

The investigation team has been supplemented by AFP forensic officers and AFP members stationed on Norfolk Island. In February 2005 a series of search warrants were executed on Norfolk Island. Items seized during the execution of the warrants are currently undergoing forensic examination and analysis. The joint Australian and Norfolk Island Governments' \$300 000 reward for information leading to the arrest and conviction of anyone responsible for the murder of Janelle Patton, remains in place.

JERVIS BAY

AFP staffing consists of a sergeant and two full-time constables. There are no special members.

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

There has been a substantial downturn in crime from previous years which is primarily attributed to police interaction with the community. A coronial inquiry into the suspicious death of an Aboriginal man at Wreck Bay resulted in a finding of suicide and the coroner commended Jervis Bay police on a thorough and comprehensive investigation.

FAMILY LAW

The AFP is the primary point of contact for all recovery orders and warrants of arrest issued by the Family Court of Australia. The AFP also receives warrants from the Federal Court of Australia. Dedicated teams across Australia facilitate court requests and coordinate the execution of the orders and warrants. The teams are also responsible for adding and maintaining children's names on the PACE system.

Although recovery orders and warrants of arrest are also directed to state and territory police, the AFP is generally responsible for their execution. Members of the AFP either execute the orders and warrants or obtain assistance from state or territory police.

Australia is a signatory to the Hague Convention on the Civil Aspects of International Child Abduction. On behalf of the Australian Government the AFP

facilitates the prompt return of children removed from one convention country to another.

Table D – Family Court enforcement orders and PACE alert activities 2004–05

Orders received by the AFP	736
Watch brief	3
Active	27
In brief preparation	1
Before court	2
Awaiting finalisation	28
Finalised	670
Terminated	2
PACE Alerts 2004–05	
Generate by the AFP	2988
Deleted by the AFP	607

FRAUD

The 2002 Commonwealth Fraud Control Guidelines specify the role of the AFP as including investigating serious and complex fraud committed against Commonwealth agencies and their programs. Reported fraud against these agencies continues to be more complex and better organised. Agencies involved in revenue collection and distribution of welfare remain the primary targets of this crime type.

In the reporting period 28 per cent of AFP investigative resources were allocated to the investigation of economic crime, including fraud investigations. This is second only to illicit drug operations. The median value of new fraud investigations in 2004–05 was \$105 000. This is up from approximately \$20 000 in 2000–01. AFP investigations have returned six dollars to the Australian Government for every one dollar invested in fraud investigation.

In line with its commitment to the Australian Government, the AFP has concentrated its resources on matters with a high or very high impact on the Australian community. For the year to date, 75 per cent of resources allocated to investigate fraud cases were devoted to high or very high impact fraud matters, which exceeds the portfolio target of 65 per cent.

The AFP continues to focus its resources on complex serious investigations that have a high impact on Australian society. At the same time, the AFP provides assistance and guidance to other

government agencies in the investigation of less complex and short-term fraud matters.

In March 2005 the AFP hosted the Australian Government Fraud Liaison Forum (FLF). The forum focused on biometrics, with AFP speakers presenting on 'phishing' (fraudulent acquisition, through deceptive emails, of sensitive personal information), computer forensics and best practise in documentary evidence handling.

The FLF was established eight years ago. Its purpose is to provide those responsible for fraud prevention, detection and investigation with up-to-date information on current and developing issues and best practice procedures. It also provides a valuable opportunity to network with professional colleagues in other agencies. The forums are held twice per year and attract around 100 representatives from a minimum of 40 Commonwealth agencies. The AFP chairs the Steering Committee for the Fraud Liaison Forum which provides direction and leadership in fraud matters affecting the public sector.

SIGNIFICANT INVESTIGATIONS

- An investigation was conducted into a government agency employee involved in fraudulent activity. Part of the employee's role related to payments of benefits. Analysis revealed that more than \$350 000 had been paid into a bank account held in the name of the employee. Orders were obtained to restrain the offender's bank accounts and property. A guilty plea was entered in relation to all the charges. The matter is currently before the courts.
- A person defrauded an Australian Government department of approximately \$800 000. The fraud was committed by making unauthorised purchases on the department credit cards and obtaining petty cash reimbursements for non-existent expenses. This investigation identified the involvement of a number of individuals and businesses. A brief of evidence has been referred to the CDPP.
- A government agency approved grants of more than \$1 million to a company for research and development. The agency raised concerns that the company had breached an agreement provision of the grants and also misused funds. An investigation resulted in a brief of evidence being submitted to the CDPP and an arrest warrant being issued for the former director who resides overseas.
- A joint agency investigation took place between the Australian Taxation Office (ATO) and the AFP into fraudulent documents allegedly being

submitted to the ATO over a number of years including business activity statements, sales tax refunds, and personal and trust income tax claims. It is estimated that the benefits unlawfully derived through the fraud value approximately \$4 million. Search warrants were executed in a number of states with a large number of documents seized. A brief of evidence is being completed for the CDPF.

- An investigation was undertaken concerning \$1.15 million defrauded from the Commonwealth through recalculating interest on behalf of customers of a financial institution. The person arranged through third parties to persuade people to invest in a scheme promising huge rewards over a period of time and tax deductions on investments. All proceeds from the scheme were directed to the tax agent's company and were siphoned off for personal use.



Approximately \$2.26 million in cash seized as the proceeds of crime of an international money laundering syndicate.

- A joint AFP and ATO investigation was conducted into inflated client returns and fraudulent deductions claimed in tax returns submitted by a tax agent. The deductions were calculated at \$4 million. Evidence was seized after the execution of search warrants. A man was subsequently charged, appeared in court and sentenced to nine years imprisonment with a non-parole period of four years and six months. He was ordered to pay \$1.5 million to the Commonwealth.

IDENTITY CRIME

The use of false and stolen identities is a precursor to many serious crimes, including major fraud, narcotic importation and terrorism. The AFP has taken the lead in the investigation and disruption of criminal syndicates in this field through initiatives such as hosting the Opal Group and the Identity Crime Task Force (ICTF) in New South Wales. The

ICTF comprises 15 federal and state agencies and is responsible for the investigation of serious and organised identity crime-related offences in New South Wales. The Opal Group consists of broad representation of Commonwealth agencies with an operational oversight of identity crime.

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

The ICTF has used leading technologies such as facial recognition, biometrics and mobile scanning/skimming terminals to assist in the investigation of identity-related crime. The ICTF has maintained a prominent role in the identity document policy debate by drawing on its operational experience to comment on technology and criminal exploitation of identity.

In October 2004, the AFP hosted an international law enforcement seminar in Canberra to discuss the critical issue of the ways in which identity crime facilitates transnational crime. The seminar, building on existing regional law enforcement ties, benefited from the participation of commissioners from throughout the South-West Pacific, and South-East Asia as well as presentations from some industry representatives. Delegates from Cambodia, Hong Kong, Kiribati, Malaysia, New Caledonia, Papua New Guinea, Philippines, Thailand, Tonga and Vanuatu attended the seminar.

SIGNIFICANT INVESTIGATIONS

- A member of the public located a compact disc wallet containing numerous computer CD-ROMs. These were handed to local police. The ICTF investigated and confirmed that they contained identity document templates. Search warrants were executed and two people were arrested resulting in the largest seizure to date of false identity document templates in Australia. The two were charged with a combined total of nearly 300 federal and state charges. To date, \$2.6 million worth of criminal assets have been restrained.
- A man alleged to be a syndicate leader for an identity crime group that operates in Australia was arrested. This group is responsible for a significant amount of financial fraud and identity crime through the use of falsified Australian and foreign passports. A female was also arrested who is alleged to have been involved in money laundering for the

syndicate and had transferred a large amount of money to an overseas account. A large amount of Australian currency and a new motor vehicle were restrained as proceeds of crime. The arrests resulted in the dismantling of an organised syndicate and the seizure of numerous false identity documents and templates.

- Search warrants were executed and a person was arrested for the possession and manufacture of numerous federal and state identity documents. A large amount of computer and printing material was also seized as were some two million cigarettes and 1 000 passport photographs. DNA evidence was collected and a large amount of fingerprint and computer forensic evidence has been examined. Proceeds of crime investigations are still pending.

INTELLECTUAL PROPERTY

The AFP continues to work with Australian Government agencies and the private sector to evaluate and provide a response to incidents involving the importation, manufacture and sale of counterfeit goods.

The AFP chairs the Intellectual Property Enforcement Consultative Group (IPECG). The IPECG meets quarterly and provides an opportunity for relevant industry groups and government to interface on issues including counterfeiting and piracy. Groups represented at the IPECG provide updates on incidents and action taken during the preceding quarter.

Crime Stoppers, together with the AFP, launched a national crime prevention and crime-solving communication campaign on video game piracy. Piracy is the unauthorised duplication of a product protected by one or more intellectual property rights. It can also involve the unauthorised distribution of the product with the intention to deceive the consumer as to the product's authenticity.

Selling pirated (also known as counterfeited) video games can attract a penalty of between two and five years imprisonment and a fine of up to \$55 000. The public can provide information on piracy crime to police via Crime Stoppers.

SIGNIFICANT INVESTIGATIONS

- Following receipt of a complaint from a television broadcasting organisation, the AFP began an investigation into the sale of pirate broadcast decoder devices (pirate, cloned smart, data and PIC cards), in contravention of 135AS of the *Copyright Act 1968*. The matter was investigated and the offender pleaded guilty to 46 offences breaching the Act. On 27 October 2004 the offender was fined \$350 on each of the charge matters, totalling \$16 100.
- In April 2002, Hewlett-Packard Australia received anonymous information that trademark-infringed Hewlett-Packard print product was being sold in Australia. Various companies had purchased the trademark-infringed toner product from a Sydney-based company. The AFP executed a search warrant seizing a pallet of Hewlett-Packard trademark-infringed toner cartridges and documentary evidence. A total of 610 trademark-infringed toner cartridges were located inside the warehouse. The retail price for the toner cartridges was estimated to be \$166 000. In August 2004 the company was convicted of the breaches and fined \$800 for each charge, totalling \$3200.
- Music Industry Piracy Investigations, an umbrella organisation for various music recording companies, referred a matter to the AFP involving a website offering unauthorised downloads of songs in MP3 format. A 16-year-old male was identified as the principal suspect in this matter and following the execution of a search warrant on his premises, documentary and electronic evidence was found supporting charges of possessing, distributing and infringing copies of musical works contrary to the Copyright Act. In June 2005 the youth was found guilty, and placed on a six-month probation period with a \$500 good behaviour bond.
- In June 2004 the AFP received information from Customs relating to two shipping containers imported from China by an international trader. They were examined by Customs and contained 21 938 items, suspected of being counterfeit goods, and breaching the *Trade Marks Act 1995*. Each contained goods in contravention of trade marks of Duracell, Disney, Nike, Louis Vuitton, Chanel, Calvin Klein, Christian Dior, Adidas, Burberry, Gucci, Hugo Boss, Mercedes Benz, Timberland and Upper Deck. A third container inspected by Customs in July 2004 contained similar counterfeit merchandise. Two people were arrested and charged with 26 counts of importing, exposing for sale, and possessing goods in contravention of the Trade Marks Act.
- The AFP assisted the Australian Federation Against Copyright Theft in regard to the execution of search warrants on a DVD supplier resulting in about 1100 counterfeit DVDs seized. The counterfeit DVDs were of

very high quality. A brief has been presented to the CDP.

NATIONAL MISSING PERSONS UNIT

Responsibility for the management of the National Missing Persons Unit (NMPU) transferred to the AFP in July 2003.

The NMPU works closely with non-government tracing services and police representatives from all jurisdictional missing persons units around Australia. The NMPU chairs the Police Consultative Group on Missing Persons (PCGMP) and the National Advisory Committee on Missing Persons (NACMP). The PCGMP, involving the officers in charge of jurisdictional missing persons units, delivers 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. Through these committees critical issues relating to missing persons are addressed.

The NMPU has adopted a strong prevention and location focus which is primarily directed through public awareness campaigns such as National Missing Persons Week, held in the first week of August each year. This campaign reminds Australians to let someone know of changes in plans and encourages reconnection with family if they have been out of contact for some time.

During the 2004 National Missing Persons Week, more than 90 calls relating to a variety of issues were received by the NMPU and many more in each state jurisdiction.

The NMPU distributes two national missing persons posters per annum that feature missing persons nominated by each state and territory police missing persons unit. The circumstances surrounding the report and subsequent enquiries dictate the requirement for inclusion on the poster. The NMPU free telephone call number is featured on each poster together with the NMPU website.

The NMPU free telephone call number and website address have been included in all Australian White Pages telephone directories since December 2003. Since that time a 300 per cent increase in telephone calls has been recorded. An average of 20 emails is received daily. Staff respond to all enquiries, which are ultimately directed to the responsible jurisdiction or non-governmental organisation.

Between 1 October 2004 and 1 June 2005 the NMPU website received an average of 250 visits per day, with an average visit time of six minutes.

MONEY LAUNDERING AND THE FINANCIAL TRANSACTION REPORTS ACT

Australia is a member country to the Paris-based Financial Action Task Force (FATF), an independent international body formed to focus on three major tasks:

- spreading the anti-money laundering message to all continents and regions of the globe
- monitoring the implementation of the 40 recommendations by FATF members
- reviewing money laundering trends and countermeasures.

Together with partner agencies the AFP investigates and prosecutes breaches of Australian money laundering legislation and continues work to build capacity to monitor and investigate criminal and terrorist financial activity.

Legislative developments include the 2003 introduction of Division 400 Offences—Money Laundering in the Criminal Code Act. The *Proceeds of Crime Act 2002* is scheduled for legislative review in January 2006.

The AFP is a member of the Asia Pacific Group on Money Laundering (APG). The APG was formally established in February 1997 and is one of a number of regional anti-money laundering bodies that form the global anti-money laundering framework led by FATF. The APG is co-chaired by the Commissioner of the AFP and Mr Naotaka Kawakami, the Director of the Japan Financial Intelligence Office.

Membership of the APG is open to jurisdictions in the Asia Pacific region that commit to introducing anti-money laundering measures. Initially it consisted of 13 jurisdictions and now numbers 28 member jurisdictions and 12 observer jurisdictions. It is anticipated that two additional countries will be seeking admission at the 2005 APG annual meeting in Cairns.

SIGNIFICANT INVESTIGATIONS

- A joint AFP, New South Wales Crime Commission, Australian Crime Commission (ACC), and New South Wales Police investigation took place into the activities of money exchange business. This joint investigation involved the proprietors of a company laundering money obtained from the proceeds of serious crime, including the sale of imported narcotics. The company proprietors and others were charged with money laundering offences under the Criminal Code Act, including conspiracy to deal in the proceeds of crime (more than \$1 million), offences relating to the seizure of several



A small selection of the counterfeit DVDs seized by the AFP in conjunction with Australian Federation Against Copyright Theft.

luxury vehicles, and \$47 000 in cash located at the company shop premises.

- An AFP investigation of a South American syndicate allegedly involved in the importation of cocaine into Australia resulted in the arrest of two foreign nationals and an Australian for offences against the Criminal Code Act. More than \$2.26 million in cash was seized. Restraining orders were issued in Hong Kong in relation to bank accounts. Total funds restrained equal approximately \$2.68 million.
- The AFP received information that two men had structured transactions to avoid reporting requirements by making a large number of withdrawals under \$10 000. The two men were arrested and charged. More than \$1 million was restrained which was forfeited to the Commonwealth.
- The AFP received information from the Drug Enforcement Agency (DEA) relating to an international group involved in the illegal sale of pharmaceuticals via the Internet. Worldwide sales were estimated by the DEA at US\$108 million annually. The syndicate retained a share of the profits, which was channelled through bank accounts and into property purchases in Australia, with funds also being sent overseas. Search warrants executed on business and private premises resulted in the seizure of a large volume of documentary and computer-based material. The search warrants were executed concurrently with warrants and arrests in the United States.
- A request was received from an overseas law enforcement agency to assist in the execution of search warrants on the premises of a person alleged to have been connected to the embezzlement of more than US\$15 million. The overseas investigation traced the proceeds of

this crime through bank accounts in a number of countries. A person was arrested by the AFP pursuant to an extradition warrant and will be extradited overseas for his involvement in the offence.

PROCEEDS OF CRIME

The 2004–05 financial year is the second full financial year of operation under the *Proceeds of Crime Act 2002*, since it came into effect on 1 January 2003.

The use of a civil forfeiture regime has become further integrated into the AFP investigative planning process including the assessment of new requests for assistance to locate and recover criminal proceeds on behalf of client agencies who are not authorised to utilise the provisions of the Act themselves.

The AFP Financial Investigation Teams are located in Perth, Melbourne, Adelaide, Sydney and Brisbane. These teams comprise a mixture of experienced police investigators, unsworn investigators and financial analysts. The AFP teams continue to work in partnership with the Criminal Asset Branch of the CDPP, to rapidly secure funds reasonably suspected of being the proceeds of crime from both Australian and foreign indictable offences. The Financial Investigation Teams have continued their integration with AFP client agencies with the placement of Customs and ATO officers in some offices. The integration of Commonwealth agencies focusing on the location and forfeiture of proceeds of crime has further strengthened the already close working relationship between agencies.

Training continues to remain a priority to further develop the skills of the Financial Investigation Teams particularly for the new members who are from a general investigations background and those from external agencies. The three-week financial investigations program has evolved to reflect current trends in money laundering and asset protection strategies used by offenders. The course also incorporates developments in investigation strategies that have yielded successful outcomes in addition to placing a greater focus on international partnerships and liaison.

The Proceeds of Crime Act civil regime has meant that asset recovery action no longer requires that the suspect be charged with a criminal offence before assets are restrained. In some cases the restraint and forfeiture of the proceeds of crime have been finalised prior to a criminal prosecution commencing, or in some cases, where no criminal charges are heard.

In circumstances where the suspected offence is serious, as defined in the Proceeds of Crime Act, all assets of the suspect may be restrained and forfeited

if the asset cannot be shown to have been obtained with lawfully derived funds.

Requests for assistance from foreign law enforcement agencies where moneys can be shown to have been transferred into Australia from the commission of a foreign indictable offence may now be progressed without the need to wait for restraining orders to be issued in the jurisdiction of origin.

The continued growth in performance statistics has demonstrated that the AFP has been able to provide a dynamic response to identified criminal activity resulting in the restraint of funds suspected to be the proceeds of crime. This has meant that those involved in domestic and foreign criminal activity have less opportunity to conceal their money. The motive for criminals to commit crimes and to undertake organised criminal activity is usually to derive a profit. The objective of the Proceeds of Crime Act is to target those who profit from crime yet distance themselves from the criminal act; its effectiveness 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 it in further criminal activity, including terrorist activity, the AFP is targeting the very heart and motive of crime, the money.

The Proceeds of Crime Act provides for compensation applications and does not prevent the return of money to any person who can show lawful derivation and ownership of those funds.

ASSETS RESTRAINED

The use of the new investigative tools has been extensive. In 2004–05, 1064 notices to financial institutions were served (1492 in the year 2003–04), 53 search warrants issued (39 in the year 2003–04) and 125 production orders issued (138 in the year 2003–04). These provisions are essential to tracing funds in a timely manner. The continued extensive use of notices to financial institutions reflects the importance of this provision in enabling police to discover the location of the suspects' funds where minimal information is known. These notices provide legal protection to the financial institutions that make this information available. Importantly, their use is restricted to proceedings under the Proceeds of Crime Act.

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The table below provides a summary of the restraint of assets for 2004–05 compared with 2003–04.

Table E – A summary of the restraint of assets.

	2003–04	2004–05
	(\$ million)	(\$ million)
Restrained^a	77.3	88.5
Recovered	4.0	7.8
Penalty value of orders	1.8	2.8
Total	83.1	99.1

a. The court issued an order to prevent the disposal of an asset. Recovered assets represent the combined output from older matters commenced under the *Proceeds of Crime Act 1987* and the *Proceeds of Crime Act 2002*.

Note: The value for recovered funds includes both forfeiture orders and garnishee orders.

A number of investigations into people selling tobacco grown and sold in Australia, often called chop chop, has resulted in the restraint of real property to the net value of \$1.2 million. These cases generally result from the seizure of uncut tobacco by ATO officers with funds then traced to the purchase of assets.

SIGNIFICANT INVESTIGATIONS

- A joint criminal investigation involving the AFP and Customs focused on evasion of duty by the operators of duty free stores. The value of duty evaded was initially estimated at \$9 million. Action by the AFP and Customs has led to the restraint of assets to the value \$19 million which included luxury motor vehicles, residential property, a commercial office building, bank accounts, shares and cash.
- AFP and ATO members executed search warrants relating to a person who had been imprisoned for possession of 3.5 tonnes of tobacco leaf with an excise value of \$920 000. Documents relating to the purchase of motor vehicles, land and building supplies,

and evidence of international funds transfers were located and seized. Three houses, three motor vehicles and two bank accounts were restrained, with an estimated value of \$1.5 million.

- In November 2003, the ATO executed search warrants on a house in Melbourne. The search uncovered more than 6.5 tonnes of cut and uncut tobacco, with a potential loss to the Commonwealth of more than \$1.74 million. The owner of the property has been charged with deception and excise duty offences. In April 2005, the AFP restrained two houses with a total value of \$500 000. The matter is now before the courts and an application has been made to forfeit both properties to the Commonwealth.
- A joint AFP-ATO investigation resulted in one arrest and charges in relation to defrauding the Commonwealth and obtaining a financial advantage by deception. Proceeds of the crime resulted in the restraint of property, shares and assets to an estimated value of \$55.5 million. Financial investigations are continuing.
- A narcotics investigation resulted in two arrests for the importation of a commercial quantity of MDMA precursor chemicals. Search warrants were executed in two states and resulted in the restraint of property, motor vehicles, bank accounts and various items, including antiques, artworks and precious gems, valued at approximately \$4.1 million.

ONLINE CHILD SEX EXPLOITATION

Online child sex exploitation has been identified as a major harm to the Australian community with the Internet providing an instantaneous and virtual medium that enables the distribution of material by bypassing normal ports of entry into a country.

In January 2005, an international policing initiative known as the Virtual Global Taskforce launched its website <www.virtualglobaltaskforce.com>. Its purpose is to serve as a reference point for information about online child protection and provides links to a range of law enforcement and support agencies to assist victims of abuse. The website enables Internet users to report online child abuse in a secure and confidential environment.

In March 2005, a new AFP team was established to combat online child sex exploitation. The Online Child Sex Exploitation Team (OCSET) includes experienced investigators, forensic analysts, psychologists and IT experts. Criminal Code Act legislation relating to online child sex exploitation

came into effect at the same time. OCSET comprises 53 members; 29 are based in the Robina office with the remainder spread across the country.

New laws have been introduced that carry significant penalties for online child sex offences, including 10 years imprisonment for anyone who accesses or transmits child pornography online. They provide for fines of up to \$55 000 for Internet service providers who are aware of pornographic material and do not remove the content and report it to police.

Through the new legislation, OCSET can infiltrate chat rooms and websites and has a national and international capacity to investigate and disrupt criminal activity and to pursue prosecutions.

OCSET works closely with state and territory authorities. A national strategy to combat online child sex exploitation is currently being negotiated between the AFP and state and territory police.

OCSET has collaborated with NetAlert on the implementation of their CyberSafe strategy. Discussions to date have included strategies to increase public awareness and reinforce the notion that the Internet is no different to any other public place with a police presence. OCSET will focus on law enforcement and prevention education.

AFP international liaison officers have begun advising other countries on Australia's online child sex exploitation prevention initiatives.

Critical links are maintained with the AHTCC, including placement of a referrals officer and a crime prevention officer within the centre. Through the collaborative efforts of OCSET and the AHTCC, a central contact and coordination point is provided between Australian online child sex exploitation referrals and state and territory police.

ASSISTING THE AUSTRALIAN GOVERNMENT AND OTHER AGENCIES

During 2004-05 the AFP continued to review and negotiate service agreements with key agencies. Service agreements provide a statement of the services to be provided by the AFP and the respective responsibilities of each agency. Service agreements with ITSA, DIMIA and DFAT are being renegotiated. The AFP continue to develop agreements with state and territory police and law enforcement agencies along with Customs in relation to training resources.

In June 2004, a service agreement between the AFP and Centrelink was established. This service agreement specifically related to the outposting

of federal agents to Centrelink for the purpose of assisting Centrelink in improving its performance in identifying, detecting and investigating fraud offences. The AFP currently has 10 federal agents outposted to Centrelink offices across Australia.

In January 2005, a Memorandum of Understanding (MOU) was entered into between the AFP and the Department of Environment and Heritage (DEH). This MOU also specifically related to the outposting of federal agents and is similarly for the purposes of assisting DEH to identify, detect and investigate offences. As a result of this MOU, the AFP currently has one federal agent outposted to DEH in Canberra. During 2004–05, the AFP outposted two members to the Office of Indigenous Policy Coordination (OIPC), in Canberra and Brisbane.

In compliance with the Commonwealth Fraud Control Guidelines, agencies continue to advise the AFP annually of their identified major fraud risks. This assists the AFP in the provision of investigative services.

The AFP assisted other Australian Government agencies to develop capacity to deal with matters that fall within their responsibility under the Commonwealth Fraud Control Guidelines by also outposting federal agents to ASIC, ATO, Austrac, DIMIA and DFAT. The outposting of AFP members gave agencies access to AFP expertise and facilitated the mutual transfer of skills and knowledge between those 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 continued to provide pre-referral assistance and advice, including training to a range of Australian Government departments and agencies.

INTERNATIONAL NETWORK

The International Network provides the capacity to collect and disseminate intelligence across all transnational crime types including terrorism, narcotic trafficking, transnational sexual offences, cyber-crime and people smuggling.

The International Network consists of 62 officers at 31 posts in 26 countries. It is the cornerstone of the AFP's commitment to collaborative work with law enforcement partners, to combat transnational crime.

The commitment to fostering law enforcement interaction in the region has provided the AFP with the ability to foster relationships with regional partners, eliciting a collegial approach to both traditional and non-traditional policing activities. The Indian Ocean tsunami is a prime example of the

manner in which Australian policing expertise can be utilised by foreign nations in a humanitarian context.

AFP members based in Bangkok went to Phuket on 27 December at the request of the RTP to coordinate the international law enforcement response to the tsunami. The AFP became a key player, and subsequently an AFP representative undertook the role of Joint Chief of Staff of the Committee representing the International Disaster Victim Identification Commanders and the diplomatic community. More than 170 police from Australian police services went to Phuket as part of a specialist DVI team, providing assistance and advice to Thai authorities in establishing and undertaking the DVI response.

Due to the changing nature of transnational crime the International Network is continually reviewed to ensure resources are targeted to achieve the greatest impact on disrupting organised crime syndicates throughout the world. The AFP has conducted feasibility studies in Sri Lanka, Bangladesh, Laos and India to ascertain the benefits of expanding the network into such countries.

The close cooperation between the Indonesian National Police (INP) and the AFP has resulted from the AFP presence in Jakarta from 1974. This long-term relationship enhanced as a result of the Bali bombing resulted in the formation of a joint investigation team into the bombing of the Australian Embassy in Jakarta on 9 September 2004. The technical and investigative assistance provided by AFP members resulted in the INP arresting and prosecuting those responsible for this terrorist act.

The International Network has also overseen the formation of Transnational Crime Coordination Centres (TCCCs) in Samoa, Papua New Guinea, Vanuatu and Tonga. The TCCC established as a Law Enforcement Cooperation Program (LECP) capacity building initiative has provided a proactive criminal intelligence capability to Pacific law enforcement agencies and facilitates the exchange of law enforcement intelligence throughout the Pacific region. The TCCCs are now directly linked to the Pacific Transnational Crime Coordination Centre (PTCCC) in Suva, Fiji. The centre began operations in June 2004 and is the hub for both the TCCC network and Pacific region law enforcement agencies.

INTERPOL

The AFP continued as Australia's policing representative from Interpol and continued to operate the National Crime Bureau (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 country. During this period an Interpol review team visited the Canberra NCB to evaluate its performance and procedures. They met all expectations with a number of the NCB's procedures being identified as best practice and will be utilised as an example to other NCB around the world.

SIGNIFICANT ACTIVITIES

- Dutch and Belgian authorities identified an attempted importation of 2.5 million tablets (365kg) of MDMA from Belgium to an Albanian national living in South Australia. The drug was concealed in a pizza oven. Through the AFP's office in The Hague, and in furtherance to the Dutch investigation a controlled delivery was conducted to Australia. Two offenders were arrested as a result of this operation; one in Australia and one in Italy.
- A long-term Australian Crime Commission investigation targeting persons involved in alleged cocaine and amphetamine trafficking resulted in the arrest of three offenders in Peru on 10 July 2004 and the seizure of 44kg of cocaine. The successful resolution of this operation was achieved through high level liaison between the AFP's Bogotá office and Peruvian Police.
- An investigation into the importation of 577.8kg of MDMA tablets concealed in a bakery oven in October 2004 led to two arrests in Australia. Additionally, through effective liaison with Belgian authorities by the AFP's office in The Hague, two more arrests took place in Belgium.
- An investigation into an impending importation of 100.6kg of cocaine into Albany, Western Australia, was commenced by AFP investigators as a result of the close working relationship established by the Brasilia office with the Brazilian Federal Police.
- The International Network offices located in Beirut, Hong Kong and Belgrade assisted investigators in obtaining critical information and restraining funds in relation to an attempted fraud against the Commonwealth Superannuation Scheme (CSS) amounting to approximately \$150 million. The ability of the AFP offices to engage foreign law enforcement agencies ensured all funds were recovered and returned the CSS in a timely manner.
- Information received by the Port Moresby office resulted in the arrest of an Australian National in relation to allegations that he engaged in sexual conduct with two children under the age of 16 years.
- In July 2004 an Australian male was arrested and charged in Sydney in relation to child sex tourism offences. He pleaded guilty to one offence committed against an eight-year-old girl in Vietnam. This prosecution was the result of assistance provided by Vietnamese authorities to the AFP office in Ho Chi Minh City.
- Thai authorities and the AFP worked cooperatively in the arrest of two Australian citizens in Sydney and five people in Thailand in relation to sexual servitude and slavery offences. One of the alleged offenders arrested in Thailand is believed to be the syndicate head and has seriously disrupted the ability to commit such offences in the future.

OUTPUT 1.1– INVESTIGATION SERVICES

PERFORMANCE MEASURE 1

Disruptive effect of AFP investigations on the criminal environment

The AFP is committed to directing its resources toward criminal activity with serious consequences for the Australian community and has set a target of 65 per cent or more of resources to be engaged in investigation of crimes with high or very high impact on the community. In 2004–05 the AFP achieved a rate of 75 per cent which is well in excess of the stated target.

The AFP also employs a number of other measures of the disruptive effect of its investigations on the criminal environment. Traditionally, statistics relating to offenders, offences, arrests and convictions have formed the basis of police performance reporting, while these are important, a number of more sophisticated measures are being developed.

In recent years, the AFP has reported the number of cases resulting in a conviction as an indicator of disruptive effect. In 2004–05 there were 363 cases resulting in at least one conviction. This result compares well with the previous year where 277 cases resulted in a conviction. Success in terms

of legal outcomes was very high – charges were proven in more than 95 per cent of cases in both years. This exceeds the target of 90 per cent or more set by the AFP.

The AFP has also included as performance measures two indicators of the economic benefit to the community of its disruption to criminal activity. The first indicator, the Drug Harm Index, was developed to provide a single measure that encapsulates the potential value to the Australian community of AFP drug seizures. The index represents the dollar value of harm and cost to society that would have ensued had the seized drugs reached the community. The index includes both national drug seizures and international seizures destined for Australia where the AFP played a significant role. Seizures made in the ACT are excluded.

It is estimated that in 2004–05, seizures of illicit drugs by the AFP saved the Australian community approximately \$668 million. The impact of these seizures is similar to the impact in each year since the introduction of additional funding for illicit drug investigations under the National Illicit Drug Strategy in 1998. The result for the current year represents an increase of 56 per cent over the previous year (\$427 million).

The second indicator of community benefit relates to economic crime. Estimated Financial Return

Chart 4: Drug Harm Index

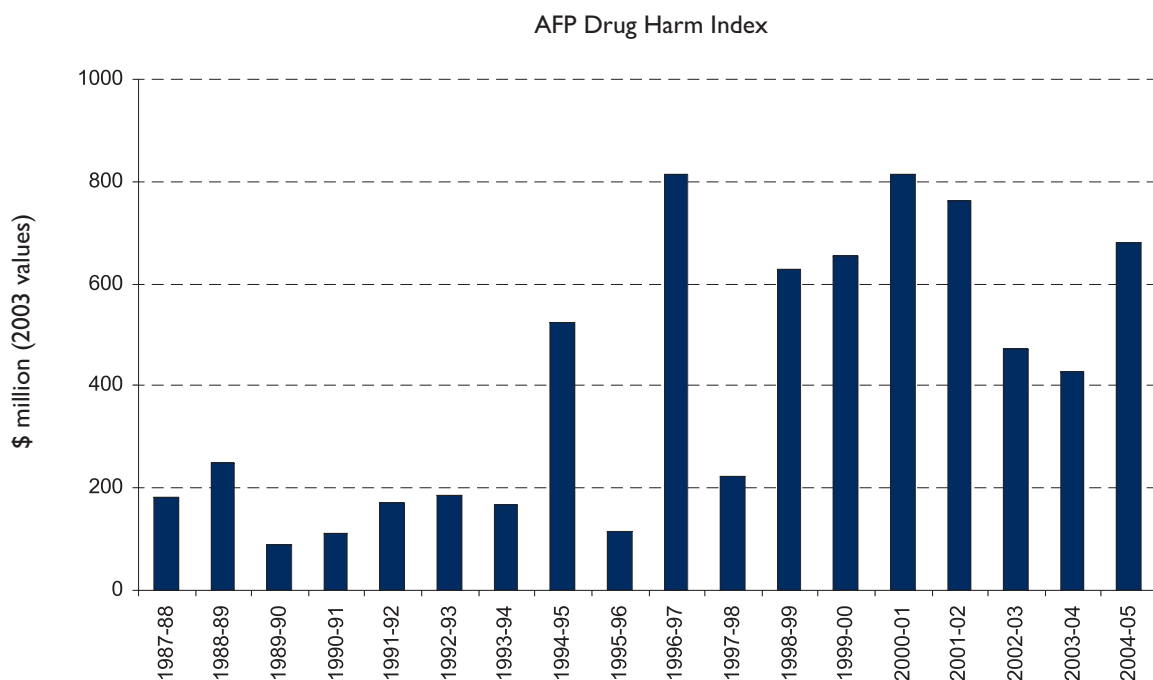
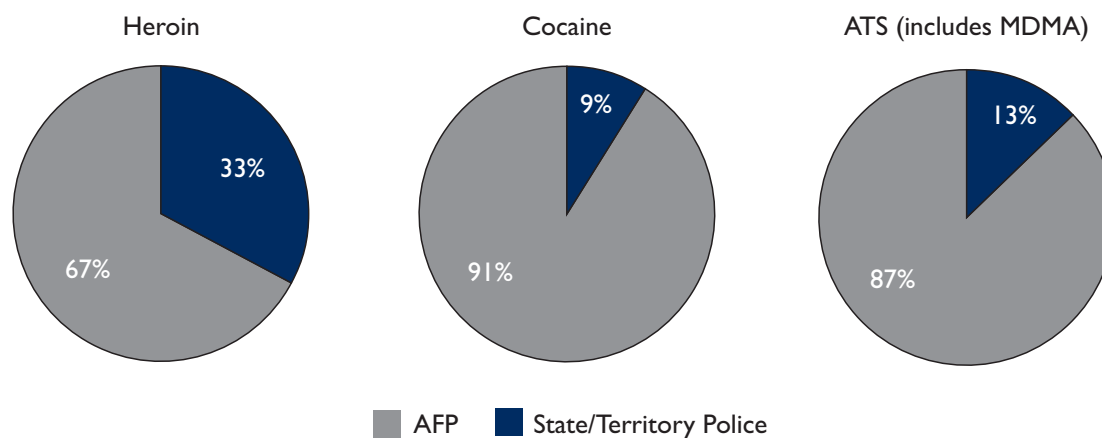


Chart 5 – Illicit drugs seized



calculates the likely economic benefit to society from successful investigations. It is based on previously published studies of the return on investment which identified three sources of potential benefit:

- The recovery of amounts fraudulently received:
 - a fraud was considered to be recovered if the matter had been settled in court through a reparation order or fine, or was settled out of court by agreement.
- The avoidance of further loss by the Commonwealth:
 - AFP investigations tend to address frauds in progress. It was assumed that the current value of the fraud was a good indicator of potential future losses if the fraud had continued undetected.
- The deterrence of like crimes in the community:
 - Deterrence value refers to the fact that the prosecution of criminal activity may deter others from emulating this type of crime.

Successful economic investigations have returned an estimated \$211 million in 2004–05 which is an increase of 25 per cent over the previous year (\$169 million).

BENCHMARKING STUDIES

The AFP regularly undertakes benchmarking of its drug law enforcement activities both nationally and internationally. In general, this analysis is completed every second year. The most recently available international data was used (2003) for international comparisons and the most comparable national data (2003–04) for national comparisons.

In terms of national comparisons the AFP, in partnership with other Commonwealth and international agencies, was responsible for the following proportions of drugs seized in Australia during 2003–04: 67 per cent of heroin; 91 per cent of cocaine; and 87 per cent of amphetamine-type stimulants (ATS) including MDMA.

International comparisons were based on the *United Nations World Drug Report 2005* which summarises the collective efforts of all law enforcement agencies in Australia. The illicit drug seizure rate for 2003 is the number of kilograms of illicit substance seized per 100 000 resident population. The AFP and other law enforcement agencies have had considerable success by world standards in intercepting heroin importations. When adjusted for total resident population, Australia maintained a higher heroin seizure rate than North America, the European Union and the world over the period from 1997 to 2000 and again from 2002 to 2003. Australia has also tended to compare well in terms of ATS (excluding MDMA) seizures. Except for 1997 and 1998, Australia's ATS seizure rate exceeded that of North America, the European Union and the world. Similarly Australia has maintained a higher MDMA seizure rate than North America, the European Union and the world in the years available for comparison. In terms of cocaine seizures Australia has lagged behind North America, the European Union and the world in most years.

OTHER RESEARCH

The AFP in conjunction with the Australian National University conducted an analysis of the impact of AFP law enforcement efforts on the supply of heroin in Australia. The results suggest that both the

number and size of AFP heroin seizures influenced the availability of heroin. The study confirms the value of supply reduction strategies and when taken in conjunction with the results of other studies, supports the hypothesis that AFP drug law enforcement efforts result in benefits both to the drug user and the community as a whole. The study also confirmed an increased impact of AFP drug law enforcement following the introduction in 1998 of increased Government funding under the National Illicit Drug Strategy.

Output 1.1 – Investigation Services

PERFORMANCE MEASURE 2

Client satisfaction with AFP investigations

The AFP has a strong focus on client satisfaction as one of the organisation's key performance indicators (KPIs). The AFP has undertaken client surveys since 1999 as a means of measuring the organisation's performance and as a very important component of the AFP's continuous improvement processes by providing independent and confidential client perspectives and feedback on a range of AFP performance issues.

Earlier this year the AFP commissioned its fifth national client satisfaction survey, conducted by a quality external provider, to gauge the attitudes and perspectives of Australian Government and other client agencies toward services provided by the AFP. The general outcomes for the AFP Client Satisfaction Survey 2004 shown below indicate strong and consistent outcomes in client satisfaction with the services provided by the AFP.

INVESTIGATION SERVICES

- Economic and Special Operations
- Border Operations
- Counter-Terrorism
- Intelligence
- International Network

Client satisfaction: 92 per cent

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

Output 1.1 – Investigation Services

PERFORMANCE MEASURE 3

Level of financial performance of the AFP in delivering cost-effective results

The AFP operates within a defined budgetary position and applies a range of internal management practices and processes to ensure that resources are focused on the highest priority operational activities and that delivering cost effective results is a clear objective for all AFP activities. These management practices and processes are supported by a well developed budgetary and business planning framework which rigorously evaluates and prioritises all resource allocations at both national and local office levels. This process is firmly based on providing resources within a highly accountable environment with the aim of ensuring that optimum corporate results are achieved in return for the investment of corporate resources.

The business planning and budgetary process aligns the national allocation of budgets with clearly defined performance targets at both the national function and office levels. This process facilitates the accountability and management of capacity and resources against agreed targets at both local office and national levels. The framework enables the AFP to better align outputs with the outcomes specified by and agreed with Government, better manage the complex environment in which the AFP operates, and better align service delivery with the needs of clients and stakeholders.

At a local office level a weekly Operations Committee process scrutinises all operations, resources and progress to maximise the use of resources. This process is conducted across all AFP offices with the outcomes informing a national Operations Committee meeting which is undertaken by the Transnational Crime Coordination Centre at the end of each week. The weekly rigour of this process ensures that the AFP's day-to-day management of operations is highly responsive to the delivery of cost effective and timely results.

The AFP also assesses the cost effectiveness of its activities through economic evaluations, which contribute to accountability and building Government and community confidence in the investment of resources to the AFP. Economic evaluation has become an important aspect of the AFP's performance framework and makes a significant contribution to providing relevant and transparent performance information on the cost effectiveness of AFP activities. This research, which has been independently verified, demonstrates

that the AFP returns over \$5 for every one dollar invested in economic and narcotic investigations.

An important aspect of the AFP's Governance framework, particularly in relation to high level management of the organisation's financial effectiveness involves the AFP Finance Committee. The Finance Committee is chaired by the Commissioner and manages the organisation's corporate financial position and performance, including the provision of strategic advice to the Executive Management Board (EMB). A key component of this responsibility includes monitoring functional and office financial performance, including budgeted, actual and forecast financial information in the delivery of operational results.

Another significant aspect of the AFP's internal assessment in delivering cost effective results is the Business Activity Analysis (BAA). The BAA is an internal performance review process which is undertaken by the Commissioner or Deputy Commissioner for every AFP function and office on an annual basis. The review critically examines the operations undertaken and resources utilised to deliver AFP services, satisfy client demands and adopt a best practice approach across the organisation.

The AFP applies a wide range of management practices which ensure that financial and resource allocations are made within a highly accountable and well developed management framework which delivers cost effective operational activities and performance results.

OUTPUT 1.2 – PROTECTION SERVICES

The Protection Services output contributes to the outcome through the prevention of crime against Commonwealth interests within Australia and overseas

The objective of Protection Services is to ensure that individuals and interests identified to be at risk by the Commonwealth are kept safe and that their dignity is preserved. This is achieved in partnership with other state, territory and Commonwealth agencies and departments.

The AFP provides close personal protection (CPP) and witness protection covering Australian high office holders, non-Australian office holders, internationally protected persons (IPPs) and visiting dignitaries and protected witnesses.

The delivery of Protection Services is implemented through a business planning process informed by security threat assessments, proactive protective security intelligence and other stakeholders. The activities undertaken to achieve this objective include:

- provision of CPP to Australian high office holders, parliamentarians and parliamentary delegations (in certain circumstances), IPPs, members of the diplomatic community and visiting overseas dignitaries and others assessed to be at risk
- administration of the National Witness Protection Program, providing a safe and secure environment for participants of the program who are able to give evidence in criminal trials relating to organised crime such as large-scale importation of illegal drugs and corruption which involve a significant degree of criminality
- planning and coordination of special events that are of a national interest, with strategic partners.

Performance for this output is measured by the prevention of avoidable incidents; the level of client satisfaction with Protection Services; and the cost-effectiveness of service delivery.

Table G on page 57 provides details of the numbers of matters referred to Protection Services in 2004–05.

CLOSE PERSONAL PROTECTION

The demands on CPP resources fluctuated during the reporting year. Resources were committed to regular protection activities of 12 Australian and non-Australian high office holders, and meeting



The Sultan of Brunei was afforded AFP protection on his visit to Australia in February 2005.

a requirement for visiting officials and overseas deployments.

The federal election between 30 August and 10 October 2004 was perhaps the most significant event in the year and required a high level of CPP personnel and equipment. In addition to the election a demand for CPP resources arose as a consequence of overseas visits following the death of Pope John Paul II and 90th anniversary Anzac Day ceremonies in Gallipoli.

The security situation in Jakarta and some parts of Asia also continued to influence the demand placed on CPP in performing a security liaison officer role when overseas. The period immediately following the Indian Ocean tsunami saw a rise in demand for security liaison officers to visit the disaster area.

The commitment of AFP resources to Anzac Day ceremonies was progressed as part of a whole-of-government approach to ensuring the ceremony in Gallipoli was secure and successful. The AFP worked closely with agencies including the PSCC, DFAT, DVA, PM&C and New Zealand police to deliver a CPP function to Australian high office holders who travelled to the ceremony. Planning activities have already commenced for Anzac Day 2006 recognising the growing import of the event and significant milestones of the 95th and 100th ceremonies.

A constant CPP presence has been provided during the past year to the Australian Head of Mission in Jakarta. The AFP has been working closely with the INP to develop their CPP capacity and provide an ongoing service by exclusive utilisation of INP resources. Members of CPP have been deploying to Jakarta on a rotational basis since 13 September 2004.

VISITS

During the reporting year, 41 overseas visits were made by Australian high office holders and parliamentary delegations. These visits required various resource allocations, subject to whether members acted in a traditional CPP capacity or as a senior liaison officer.

CPP and SLO services were provided to 45 official visits into Australia, including for HRH the Prince of Wales; the President of Israel; Crown Prince Frederik and Princess Mary of Denmark; the Sultan of Brunei; the Prime Minister of Norway; the Prime Minister of Malaysia; the Prime Minister of Indonesia; and the Chairman of National People's Congress of China.

WITNESS PROTECTION

The AFP is responsible for the administration and delivery of the National Witness Protection Program (NWPP). This requires the AFP to develop and deliver protection services that ensure the safety of witnesses and their families during prosecutions and to then assimilate them back into the community. AFP services under the NWPP are enhanced by specialised training for the specific requirements of this unique policing activity.

FAMILY COURT SECURITY

The AFP facilitated the provision of a variety of security services to the Family Court of Australia throughout the reporting period. While specific arrangements vary from city to city, protocols with the Family Court are well developed and enable the Family Court to seek assistance directly from the nearest AFP business unit. AFP members have provided additional security when required by the Family Court.

SPECIAL EVENTS COORDINATION AND EXECUTIVE SUPPORT

The Special Events Coordination and Executive Support (SECES) coordinate the AFP's response to major and special events impacting on the Australian Government. The main focus of SECES is to facilitate the coordination of briefings to AFP executive attendances at Australian Government forums, including the national counter-terrorism arrangements.

COMMONWEALTH GAMES MELBOURNE 2006

SECES has continued to liaise with the Melbourne Commonwealth Games Task Force and stakeholders and has maintained a close working relationship, particularly with the Victoria Police Commonwealth

Table F – CPP performance 2004–05

	Australian office holder		Non-Australian office holder		Total	
	2003–04	2004–05	2003–04	2004–05	2003–04	2004–05
Protection movements	7 107	6 857	13 786	14 551	20 893	21 408
Protection incidents	35	39	32	59	67	98
Avoidable incidents	0	1	0	0	0	1

As a result of established CPP protocols being applied, no harm resulted from the one avoidable incident that occurred.

Source: Protection OMC July 2005.

Games Planning Unit. The AFP is represented on various Victoria Police working groups, which include intelligence, crime, media, counter-terrorism, dignitary protection and IT support.

ANZAC DAY

In April 2005, SECES members participated in the planning, development, coordination and monitoring of the Anzac Day celebrations in Gallipoli, Turkey and Hellfire Pass in Thailand. SECES members managed the Incident Coordination Centre in Canberra during this period when the Prime Minister, Attorney-General, Minister for Justice and Customs, the Minister for Veteran Affairs, Leader of the Opposition and Australian high office holders participated in remembrance services around the world.

Output 1.2 – Protection Services

PERFORMANCE MEASURE 1

The prevention of avoidable incidents

In line with its commitment to the Australian Government, the AFP has concentrated its resources on matters with a high or very high impact on the Australian community. In 2004–05, 90 per cent of resources allocated to Protection Services were devoted to high or very high impact matters, which exceeds the portfolio target of 70 per cent.

Performance measures of avoidable incidents, protection incidents and protection movements continue to be applied to measure AFP CPP effectiveness.

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

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

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

WITNESS PROTECTION

Witness protection measures call for a safe and secure environment for participants of the program giving evidence in significant criminal prosecutions with high levels of criminality at both the Commonwealth and state level, and whose lives are at risk.

The *Witness Protection Act 1994* requires the Minister for Justice and Customs to report to both Houses of Parliament on the operation of the National Witness Protection Program at the end of each financial year. The Act provides that the report must be prepared in such a way that it does not prejudice the effectiveness of security of the program.

Output 1.2 — Protection Services

PERFORMANCE MEASURE 2

The level of client satisfaction with Protection Services

Earlier this year the AFP commissioned its fifth national client satisfaction survey, conducted by a quality external provider, to gauge the attitudes and perspectives of Australian Government and other client agencies toward services provided by

the AFP. The survey included Protective Security Intelligence (PSI) which was moved in January 2005 to the intelligence functional stream to align AFP intelligence functions more effectively.

Protection Services clients interviewed included a range of Australian Commonwealth politicians, representatives of foreign embassies, Australian Government agencies, intelligence agencies and state and territory police services receiving or working with the AFP on CPP or PSI operations, or other protective security services. Fifty-five confidential interviews were conducted.

Key factors for AFP CPP and PSI in achieving high levels of client satisfaction were related to:

- AFP members demonstrating relevant skills, knowledge and expertise
- AFP members understanding and being responsive to the needs of the client organisation
- AFP services resulting in outcomes expected
- The promptness of AFP response to requests for assistance
- AFP members providing protective security services showing professionalism in their dealings with AFP clients
- AFP members accountable and answerable for matters within their control.

The general theme that emerges is the positive level of client satisfaction with Protection Services due to AFP member professionalism and the responsiveness to client requests.

Output 1.2 — Protection Services

PERFORMANCE MEASURE 3

The cost-effectiveness of service delivery

CPP services continue to be provided in accordance with the methodology assessed in the cost-benefit analysis conducted by the Centre for International Economics in 2002. The analysis concluded that without CPP services approximately 5 per cent of movements would become avoidable incidents. As outlined under performance measure 1, only one avoidable incident was recorded during the financial year. The analysis identified a cost-benefit ratio of the program to be around \$4 in benefit for every \$1 invested.

Table G – Output 1.2 – Protection Services, number of cases referred in 2004–05

Category/type of case	2004–05	2003–04	2002–03
Protection of individuals at risk			
Protection—Australian office holders	120	208	174
Protection—non-Australian office holders	87	114	134
Protection—witnesses	10	6	13
Subtotal	217	328	321
Protection—Family Law Service			
Family Law Services	2 ^a	3	3
Subtotal	2 ^a	3	3
Security and law enforcement for special events			
Special events	3	1	0
Subtotal	3	1	0
Total	222	332	324

Source: Protection OMC July 2005

a. These figures refer to family law security

OUTPUT 1.3 INTERNATIONAL SERVICES

INTERNATIONAL DEPLOYMENT GROUP

The International Deployment Group (IDG) was formed as a policy initiative of the Australian Government in February 2004. The concept was designed to create a viable and long-term platform to support the maintenance of regional and international safety, security and stability by providing the AFP with a capacity to strategically deploy peacekeeping and capacity-building personnel anywhere in the world. The fundamental premise underlying all IDG operations is that functioning civil societies are based on the rule of law, a critical component of which is the provision of professional, ethical and effective police services. In achieving these goals, the IDG supports Australia's ability to fight terrorism and transnational organised crime through the restoration of law and order in vulnerable regions of the world and by building enduring bilateral and multilateral international relationships. Formation of the IDG has consolidated the AFP's pre-existing international peacekeeping and capacity-building initiatives. This included missions in Cyprus, Timor-Leste, and the Solomon Islands, along with a range of smaller capacity-building initiatives under the Law Enforcement Cooperation Program (LECP).

The IDG has continued deploying personnel to these missions, as well as to Papua New Guinea (as part of the Enhanced Cooperation Program); Nauru; and the Jordan International Police Training Centre, as part of an international policing effort to rebuild the Iraqi police force.

The IDG will eventually comprise approximately 500 personnel deployed to a support base at the Wanggiralali Ngurrumbai Centre in Canberra and international field missions determined by the Australian Government. The support base which is now fully functioning provides operational, administrative, logistical, health, welfare, training and planning capabilities for the maintenance of overseas missions.

The IDG is staffed by personnel drawn from the AFP, state and territory police services and overseas police organisations.

DEPLOYMENTS

REGIONAL ASSISTANCE MISSION TO THE SOLOMON ISLANDS

The Solomon Islands experienced significant and growing internal tensions from the late 1990s until mid-2004. This period was marked by economic collapse, social dysfunction and the emergence of heavily armed militias and criminal gangs. It was a time of increasing lawlessness and indiscriminate murder and previous initiatives to correct this deteriorating situation were ineffective. At the request of the Solomon Islands Government, the



To mark the first anniversary of Operation Helpem Fren a monument was installed at Police Park in Honiara over the remains of surrendered weapons.

Australian Government took a leading role in developing an external assistance mission.

The dedication of a memorial to Operation Helpem Fren marked the first anniversary of the RAMSI mission to the Solomon Islands and coincided with the hand over of command from AFP Assistant Commissioner Ben McDevitt to Assistant Commissioner Sandi Peisley.

The Regional Assistance Mission to the Solomon Islands (RAMSI) began on 24 July 2003. A substantial component of the mission was the presence of the participating police force (PPF). In determining this requirement, the Australian Government adopted a clear position that only through the restoration of law and order could other support objectives be achieved.

It was agreed that the PPF would be a multilateral body with personnel contributed from 11 Pacific nations. The AFP provides the largest number of personnel to the PPF and coordinates contributions from all participating nations which also includes training, logistical support and financial assistance in the form of mission-related allowances. The multilateral character of the mission has been a significant factor in its success and widespread acceptance amongst Solomon Islanders. The regional cooperation in support of a neighbour also reflects a powerful preparedness of Pacific nations to work together in achieving common goals.

The PPF mission has been configured in three phases. Phase 1, the implementation phase, has

Table H – Personnel assigned to the PPF at 30 June 2005

Contributing police force	Number of personnel
AFP	299
New Zealand	32
Fiji	13
Tonga	12
Vanuatu	5
Samoa	10
Papua New Guinea	10
Tuvalu	2
Kiribati	5
Nauru	3
Cook Islands	2
Total	396

been completed. This involved the initial deployment and establishment of the force, with the following objectives:

- restore basic law, order and security
- remove illegally held weapons from the community (this is ongoing)
- disarm and neutralise key criminal elements.

Phase 2 of the mission is to consolidate the rule of law. The main objectives are:

- institutional reform
- building community trust and confidence
- creating an environment for economic instruction.

Phase 3 of the operation concentrates on sustainability and self reliance. This involves a transition to self-reliance by the Royal Solomon Island Police (RSIP), specifically through:

- training and building capacity
- entrenching reform and systems to maintain long term stability
- reducing dependence on external support by the PPF.

The progress of these phases is dependant on the mutually-reinforcing goals of establishing law and order and institutional reform. The PPF has responsibilities in both of these areas and many milestones have already been achieved.

More than 6500 people have been arrested, resulting in over 9600 charges since July 2003. These arrests are for matters of varying severity, including for murder, sexual assault and multi-million dollar fraud, and a range of lesser offences. The underlying outcome of these arrests is the re-establishment of law and order—the pre-condition for eliminating corruption, and instituting widespread institutional reform, economic growth and future development potential of the Solomon Islands. This new environment is directly attributable to the reinstatement of an effective policing service.

The public presence of firearms is virtually non-existent with more than 3730 firearms and 307 000 rounds of ammunition seized or surrendered. This is in sharp contrast with the pre-intervention period which was characterised by rule of the gun over an intimidated population and the commission of atrocious offences against vulnerable members of the community.

Sixteen provincial policing posts have been established outside of the capital, Honiara. This helps ensure that the rule of law is spread across the country for the benefit of all members of the

community. The new policing posts have been well received by the population of these areas and there is demand for greater interventions of this type.

On 31 January 2005, High Court trials against up to 40 people began. The trials are in relation to offences investigated by the PPF for crimes committed during the period of ethnic unrest between 1998 and 2003. These trials are referred to locally as the 'tension trials'. In the first of these trials, former militants were found guilty of the murder of a Melanesian priest. On 18 March 2005 all three defendants were sentenced to life imprisonment. The second and third trials have been completed and are awaiting decision by presiding judges.

Capacity-building endeavours are underway with the RSIP. This followed a reorganisation of the force which resulted in 91 police and prison officers arrested for 211 offences. These officers were removed from service. The capacity-building phase of operations has already seen the recruitment and training of additional RSIP personnel to replace those removed from service; the establishment of direct mentoring relationships between PPF and RSIP personnel; and a rapidly developing emphasis on RSIP personnel becoming lead investigators with PPF staff increasingly assuming the role of expert advisers. Major advances have also been achieved in corporate governance to increase managerial accountability, financial management and the implementation of controls in relation to discipline. All of which are necessary for the successful future performance of the RSIP.

The RSIP are being re-equipped to a standard which will allow personnel to deliver an effective

police service to the people of the Solomon Islands. This program covers such basics as uniforms and accoutrements and extends to information technology and police maritime equipment including patrol vessels.

These achievements have not come without significant sacrifice to the AFP. On Wednesday 22 December 2004, Protective Service Officer (PSO) Adam Dunning was tragically murdered while on duty in the Solomon Islands. A vehicle that PSO Dunning was patrolling came under fire from concealed criminal elements, during which he was killed. Several suspects in the murder have been arrested and are awaiting trial.

While the future of the Solomon Islands is now brighter than it has been for well over a decade, the challenges facing the PPF remain significant. These include rebuilding the RSIP to a point where it will once again be one of the best police services in the Pacific; building community confidence in the integrity of that service; and maintaining a relentless pursuit of those who retain illegal firearms. This work, along with a whole-of-government challenge to rebuild social and economic infrastructure, is long-term. It will require the Governments of the Solomon Islands and Australia to maintain their strong partnership.

PAPUA NEW GUINEA

The Governments of Australia and Papua New Guinea (PNG) have retained an enduring bilateral relationship since PNG became independent from Australia in 1975. An underpinning feature of this relationship is that Australia has been the single



largest aid donor to PNG during this time and has maintained a close interest in PNG. A recurring question on both sides of the Torres Strait for much of this period has been how to deliver and account for aid funds in a way which maximises the benefits to the people of PNG. This concern has been heightened in recent times by the decline of key development indicators for PNG across economic, social, governance, and law and order sectors.

On 20 August 2003, the two governments agreed to pursue an alternative approach to the bilateral relationship. This resulted in the signing of the Enhanced Cooperation Program (ECP) Treaty on 30 June 2004, and was followed by the Parliament of PNG passing enabling legislation on 27 July 2004.

The AFP was party to the whole-of-government negotiations in these instruments, as a significant proportion of additional funding committed under the treaty was to support police and law enforcement assistance. As the assistance involved Australian police working with the RPNGC, a necessary element of these negotiations was the provision of police powers to advisors and the establishment of immunities and protections against prosecution, due to the degraded level of the law enforcement environment in PNG.

The actual form and type of assistance to be provided to the RPNGC had been developed as a Concept of Assistance plan agreed in November 2003 between the Commissioners of the AFP and the RPNGC. The ECP brought the RPNGC and AAP together to restore both the rule of law and civil order in PNG through strengthening the capacity of the RPNGC to achieve successful, accountable and sustainable law enforcement. The AAP worked together with the RPNGC and other aid programs to build on existing strengths in the RPNGC and address its weaknesses. The AAP component of the ECP was labelled project Wok Wantaim which means working together.

The first deployment of AAP began on 29 August 2004 to the province of Bougainville. This contingent achieved full strength with 19 police and one DFAT liaison officer located in the towns of Buka and Arawa. The contingent was further boosted by AAP members arriving in Port Moresby on 21 November 2004.

In Port Moresby, AAP personnel were stationed in the three-sector National Capital District (NCD) and began duty on 2 December 2004 with both high-density and high-visibility policing patrols which emphasised intelligence-led crime targeting. This increased focus on proactive management of crime resulted in crime prevention, improved response times and an overall reduction in the



During its eight months in Papua New Guinea, the Australian Assistance Police provided assistance in a wide range of areas within the RPNGC.

crime rate for the Port Moresby NCD. These results were confirmed in police communications which identified a marked improvement in response times and availability of units to attend jobs in the area surrounding the Gordons police station where AAP members were stationed.

Following this introduction to PNG the mission continued to grow, peaking at 161 personnel. AAP were able to progressively implement programs and provide assistance in a wide range of areas within the RPNGC including communications, prosecutions and criminal records, criminal investigations, forensics, general duties, national fraud and anti-corruption, training, and transnational crime. Work undertaken by the AAP during their deployment to PNG included:

- upgrading the Major Incident Room to provide essential links between the RPNGC, AAP and government in an emergency situation
- developing an action plan for 2005
- developing a relationship with National Criminal Records Office, Prosecutions Office and Fingerprints Branch to accurately record prior convictions
- developing processes to photograph suspects and prisoners
- establishing procedures for sorting of records and data entry
- joint operations with RPNGC which resulted in a number of significant arrests

- reviewing significant investigations which may have been compromised
- creating advisors in critical corporate areas of the RPNGC
- establishing sustainable practises and developing standardised procedures for crime scene examinations
- monitoring and assisting with crime scene examinations
- establishing an accountability system for exhibits
- establishing a secure armoury and increased accountability of accoutrements and vehicles being signed out during each shift
- involvement with peace negotiations
- initiatives relating to the Liquor Licensing Commission to address compliance with trading hours and the responsible serving of alcohol
- developing the Fraud and Anti-Corruption Supervisors Investigation Management course
- reviewing working files, case evaluation and prioritisation
- conducting use of force workshops
- accident and emergency trauma training
- upgrade of the Buka and Arawa police station with planning for a new station at Buin
- introducing a vehicle repair program on Bougainville.

The combined impact of these initiatives was a progressive increase in the professionalism of the RPNGC. Many of these improvements were basic and included officers being paid, better trained, coming to work and being able to obtain petrol for patrol vehicles. Practices such as establishing police road blocks for the purposes of obtaining money from the community ceased in Port Moresby in a relatively short period of time.

On 8 and 9 December 2004, the PNG Supreme Court heard a constitutional challenge to the legality of the ECP brought on by the Governor of the Morobe Province, Luther Wenge. Mr Wenge sought to challenge a number of aspects of the ECP treaty and PNG's domestic implementing legislation. On Friday 13 May 2005, the Supreme Court found that elements of the treaty and enabling legislation were not consistent with the PNG Constitution, particularly sections relating to police powers and immunities which were negotiated as essential for the operational deployment of AAP.

On 17 May 2005, AAP were repatriated from PNG to Canberra for debriefings before being reassigned to other IDG missions. The Australian Government has entered negotiations with the Government of PNG to determine if it is possible to find a resolution to this problem. At the time of this report, those negotiations were ongoing.

NAURU

In February 2004 the Governments of Australia and Nauru entered into the third MOU between Australia and Nauru for Cooperation in the Management of Asylum Seekers and Related Issues.

This MOU included provision for Australia to support a request from the Nauru Government to provide a director of police (commissioner) to the Nauruan Government, subject to the outcomes of a scoping study by the AFP, to lead reforms for the Nauru Police Force (NPF).

This review was conducted in March 2004 and on 10 May 2004 the Governments of Australia and Nauru signed the Agreement between Nauru and Australia Concerning Additional Police and other Assistance to Nauru. The agreement provides an appropriate legal basis for the deployment of Australian officials to Nauru pursuant to the third MOU. As a result of that review, the AFP provided a senior police adviser to Nauru in October 2004 and a Director of Policing in November 2004.

In June 2005 a senior police adviser and a finance specialist assisted in the development of the NPF. These members are assisting in improving the skill level, accountability and professionalism of the NPF with a strong focus on reducing the backlog of prosecutions. This mission is part of a whole-of-government approach with officials from other departments already providing critical support to the Government of Nauru. The AFP also currently provides protective service officers to Nauru as a first response capability at the Overseas Processing Centre.

The members have adopted a three tiered involvement within the NPF including:

- line management positions such as director of policing (commissioner) and station officer
- meeting MOU project requirements through capacity development, project planning and liaison activities
- development of risk assessments, ledgers and reports to fulfil occupational safety requirements.

The Commissioner of Police has in several forums raised the issue of investor passports with the

Nauruan Government. These passports were issued under Nauru's Citizenship Investment Program. The current government has taken a policy decision of not issuing any new investor passports; however it will still renew old passports.

Cabinet has agreed it will cancel passports on an individual basis if the need arises. In May 2005 the Nauruan Government withdrew the authority of the Macau office to issue passports. These steps by the Nauruan Government are assisting Australian security through tighter controls on the issuing of passports and the closure of the investor passport scheme.

Another achievement is the focus on identifying the key organisational, structural, financial and managerial features of a modernisation process and the role of the NPF in policing the community. This has led to developments in organisational structure including:

- creation of a dedicated professional standards area
- examination and review of rostering practices
- community engagement through the media
- reconnecting the NPF with regional bodies and forums that deal with policing, security, prisons, customs, immigration and disaster management.

The lack of training in modern community policing is being redressed with assistance from the Nauru Education Department and investment in basic training to see that police are able to be more than citizens on patrol.

The rightful expectation that police will act with high professional and ethical standards has led to the dismissal of more than 10 per cent of the police service. The increased training and the rigorous requirement for professional and ethical behaviour by police reassures the public, giving them sufficient confidence in the police to be active supporters.

The intervention is also addressing the need to prepare future leaders of the NPF with the right skills, motivations and experience to assume management roles in the future. Officials are also a significant source of law enforcement and compliance policy knowledge for the government. The NPF now contributes to policy coherence and coordination across government departments.

JORDAN

The IDG sent two police trainers to the Jordan International Police Training Centre (JIPTC) in May 2004 as part of an international program training Iraqi police at the request of the United Kingdom, the Coalition Provisional Training Authority sponsor.

The AFP is now into its fourth AusAid-funded mission teaching the fundamentals of democratic policing, crime investigation, terrorism trends and risk mitigation to Iraqi police officers.

At the time of writing, an AFP member was JIPTC Chief of Staff, an appointment acknowledging the significance of Australia's contribution to the future direction of training at the JIPTC through direct involvement in strategic planning and policy direction.

The JIPTC has been in operation for over 18 months with the objective of training 32 000 Iraqi police cadets; so far 21 000 cadets have been trained. Current cadet intakes comprise serving police, including commissioned officers, and newly recruited cadets. It is anticipated that the current Iraq police training task will be completed by 2006. The centre trains 3000 cadets at any one time. There are 1600 employees with instructors from 17 international contingents making up 316 of these staff. Of these, 47 instructors are from Iraq, some of whom are former graduates of the JIPTC. Demographically, the largest number of recruits is Shiite followed by Sunnis with some Christian, Kurdish and other minority groups also being represented.

It is anticipated that Australia's contribution will cease in 2006. However, international planning is already underway to use the centre to train police from other emerging democracies such as Tajikistan, Palestine and Sudan.

TIMOR-LESTE

In 1999 the United Nations initiated peacekeeping efforts in what was then called East Timor. This followed an episode of extreme violence after referendum results on independence were announced. The AFP has maintained government-authorized deployments to Timor-Leste in support of peace missions since that time, including participating in the United Nations Mission in



Outside their specified duties, AFP members in Timor-Leste assist an orphanage with fundraising.

Support of East Timor (UNMISET). UNMISET which ended in June 2005 and was replaced by a smaller one-year mission known as the United Nations Office in Timor-Leste (UNOTIL).

UNMISET's contribution to training and support for the Policia Nacional de Timor-Leste (PNTL) was recently tested through a 20-day church-organised demonstration. This demonstration was undertaken by church communities protesting against optional religious education for students. The professionalism and measured response of the PNTL in this situation was a reflection of the guidance and mentoring provided by UNMISET. There is a clear basis for optimism in relation to the future of the PNTL.

UNOTIL, in accordance with United Nations Security Council Resolution 1599, will emphasise the proper transfer of skills and knowledge needed to maintain the capacity of Timorese public institutions to deliver services in accordance with the principles of law, justice, human rights democratic governance, transparency, accountability and professionalism.

The AFP has contributed four members to UNOTIL. The aim is to instil confidence in the PNTL and develop advanced skills to be passed on to PNTL trainers. This will ensure sustainability and reduce dependency on external advisers. In accomplishing this mandate, members are currently deployed as strategic planners, subject matter experts and technical advisers in policy coordination; counter-terrorism and intelligence; professional standards; and maritime police services.

The progressive reduction in United Nations activity in Timor-Leste has been matched by an increase in bilateral support by the Australian Government. On 31 July 2004, the AFP sent a training team to Timor-Leste as part of a joint AFP–AusAID project known as the Timor-Leste Police Development Program (TLPDP). This program will operate for four and a half years at a cost of \$32.85 million with the objective of assisting the Government of Timor-Leste in developing critical capacities to maintain a safe, secure and stable law enforcement environment.

Areas of focus for this program include:

- crime prevention and community safety
- investigations and operations
- training and development
- administration, oversight and strategy including financial, human resource and logistics and asset management.

The AFP is committed to maintaining ongoing support for the TLPDP and will maintain an active role in training police for the duration of this program.

CYPRUS

In one of the longest commitments to sustained international policing in the world, the AFP continues to contribute Australian civilian police to the United Nations Peacekeeping Force in Cyprus (UNFICYP).

AFP members with UNFICYP are responsible for maintaining the integrity of the buffer zone which partitions Greek Cypriot and Turkish Cypriot communities. UNFICYP members are responsible for carrying out liaison and humanitarian duties and investigating human rights violations on the divided island. AFP members live and work alongside civilian police from Croatia, India, Ireland and the Netherlands.

In April 2004 a referendum was conducted on Cyprus in relation to the reunification of Cypriot peoples. It was unsuccessful and the United Nations mandate was extended until June 2005. Although the current situation on Cyprus remains stable, little constructive dialogue has taken place between the communities. In a recommendation adopted in May 2005, the United Nations mandate for UNFICYP was further extended from 16 June 2005 to 15 December 2005. Presently the AFP has 15 officers with UNFICYP. Recently a member of the AFP took up the role of Deputy Senior Police Advisor.

LAW ENFORCEMENT COOPERATION PROGRAM

The Law Enforcement Cooperation Program (LECP) is the key mechanism by which the AFP increases the awareness and understanding of transnational crime issues within the international law enforcement community. Specifically the LECP aims to:

- increase the quantity and quality of international law enforcement intelligence collected by the AFP
- increase operational capacity within partner law enforcement agencies in the area of transnational crime, linked to an increase in preparedness for operational cooperation and assistance with the AFP
- increase the standard of governance in the areas of institutional policy, human resource management, ethics and anti-corruption measures in recipient law enforcement agencies with a view to deterring future transnational crime which may impact on Australia
- continue close collaboration between the AFP and developed law enforcement agencies while providing international leadership in the transnational crime arena.

LECP funding for 2004–05 continued to ensure the AFP delivered high quality training programs, provided equipment, undertook short-term attachment and exchange of law enforcement personnel, and conducted strategic law enforcement seminars and workshops. LECPs are delivered across Asia, the Pacific and other parts of the world on a more selective basis.

INDONESIAN TRANSNATIONAL CRIME COORDINATION CENTRE

LECP, AusAID and the Indonesian National Police (INP) continue to develop the Jakarta-based Transnational Crime Coordination Centre. Three of eight crime-type portfolios within the Centre are now fully operational, allowing high-level analytical support in the investigation of narcotics, counter-terrorism and people smuggling. The Centre was formally opened in Jakarta on 2 July 2004 by General Da'i Bachtiar and Commissioner Keelty. The facility is being relocated and the fit out of the new premises will be completed in late 2005. By 2007 the new premises will house over 100 personnel.

An LECP project advisor is working with the INP in Jakarta to ensure that the project remains on track. Another advisor is being sent to provide intelligence support and guidance and to assist in developing the Centre's intelligence protocols and guidelines. Training provided in 2004–05 includes:

- basic surveillance courses
- intelligence analyst courses
- case management and intelligence system (CMIS) training
- Certificate IV assessment and workplace training.

PHILIPPINES COUNTER-TERRORISM CAPACITY-BUILDING PROJECT

The AFP is currently managing a two and a half year joint AFP–AusAID project assisting the Philippines Law Enforcement Implementing Agencies (PLEIA) to enhance their capacity to combat terrorism. The assistance package will amount to \$3.7 million over the course of the project.

The project aims at enhancing the capacity of PLEIA in four main areas:

- establishing a bomb incident centre
- enhancing counter-terrorism intelligence and investigation training
- enhancing technical and forensic capabilities



AFP officers engaged in victim identification in Phuket held a remembrance service for those killed by the Indian Ocean tsunami.

- establishing an integrated computer-based case management and intelligence system (CMIS) which will facilitate the management of counter-terrorism investigations and intelligence processing.

In support of the project aims, a number of training programs were delivered in 2004–05, including intelligence and surveillance courses, CMIS training and bomb data centre training, both in Australia and the Philippines.

DISASTER VICTIM IDENTIFICATION PROJECT

DVI training, including equipment provision, has commenced in Indonesia and will also be delivered in Malaysia, Singapore, Thailand, PNG, Fiji and the Philippines. Approximately 192 law enforcement officers will be provided with world-class forensics training in this challenging field. The program is designed to provide participants with knowledge and skills relevant to the practical application of international DVI standards, protocols and procedures. The inaugural course was conducted in Australia in April 2005 involving 24 participants from Thailand, the Philippines and Singapore. The project will also provide each country with an air portable DVI laboratory. The first two laboratories were sent to Indonesia in preparation for the training. Each portable laboratory has the capability to deal with a mass casualty incident involving up to 200 victims.

ASIA REGION LAW ENFORCEMENT MANAGEMENT PROGRAM

The Asia Region Law Enforcement Management Program (ARLEMP) concept is to provide a long-term sustainable management training program for law enforcement partners in the Asia region. This program will see police managers trained in rudimentary aspects of corporate management. The curriculum consists of negotiation, multiculturalism, communication, interpersonal, research, analytical, report writing, creative problem solving, leadership and project management skills.

ARLEMP is conducted in partnership with the Vietnamese National Police and the Royal Melbourne Institute of Technology at the University of Vietnam, Hanoi Campus. ARLEMP will consist of two annual multilateral courses open to all ASEANPOL countries, including a representative from the AFP, with one annual course exclusively for the development of Vietnamese law enforcement officers. The first multilateral course began on 21 March 2005 and the first Vietnamese course on 20 June 2005.

PACIFIC INITIATIVES

In the Pacific, LECP with its partner law enforcement agencies has continued to expand and provide support to the Transnational Crime Unit (TCU) network throughout the region. TCUs are operational in Fiji, Tonga, Samoa, Vanuatu and Papua New Guinea. It is anticipated that a TCU will be established in the Solomon Islands in late 2005 or early 2006. The existing TCUs have been responsible for the development of significant leads and information involving transnational crime activities in their areas of responsibility. The Fijian TCU in partnership with the AFP, Royal Malaysian Police and other foreign law enforcement agencies was instrumental in the dismantling of a clandestine amphetamine laboratory in Suva in 2004, and the subsequent arrest of the principals of the operations (Operation Deva/Outtrigger). This clandestine laboratory had the capacity to produce approximately 500kg of methamphetamines per week.

In June 2004, to build on the existing TCU structure in the Pacific, LECP and Pacific law enforcement partners established the Pacific Transnational Crime Coordination Centre (PTCCC) in Suva, Fiji. The PTCCC is fully operational and continues to be expanded and supported by the AFP. The PTCCC acts as a central law enforcement intelligence agency

with key links to Australia, New Zealand, United States, France and other regional law enforcement agencies. The PTCCC consists of a team of eight members from law enforcement agencies from Pacific Island countries. The centre is led by a Pacific Islands team leader who is supported by an AFP mentor who is also responsible for training initiatives.

BROADER INTERNATIONAL PROGRAMS

An ongoing program of training and equipment provision is currently being implemented to ensure the future sustainability of the transnational crime teams and the transnational crime coordination centres in the Asia-Pacific region.

A major feature of these centres is the ongoing development and enhancement of CMIS, which provides law enforcement agencies with the ability to collect, manage and disseminate transnational crime intelligence. CMIS is currently installed in all TCUs across the Pacific, while the roll out to TCUs in Asia is ongoing.

LECP has also been delivering offshore law enforcement training and expertise through the provision of AFP trainers and advisors on a global scale. Examples of LECP-sponsored training include:

- 11 participants on national strategic intelligence courses from Colombia, South Africa, Tonga, Singapore, Thailand, Indonesia, Papua New Guinea, Pakistan and the Philippines
- 13 participants on the Australian Institute of Police Management (AIPM) Police Management Development Programs (PMDP) from Pakistan, Fiji, the Netherlands, Ireland, South Africa, Vanuatu, Papua New Guinea, Taiwan and Brazil
- 10 participants on the AFP's management of serious crime (MOSC) programs from Thailand, Indonesia, Tonga, Fiji, Malaysia, Papua New Guinea, Brazil, Lebanon, Solomon Islands and South Africa
- 17 participants on the AFP's international management of serious crime (IMOSC) program from Malaysia, Philippines, Hong Kong, Myanmar, Singapore, Brunei, Indonesia, China, Thailand and Laos
- intelligence and surveillance courses for Serbia, Montenegro, Myanmar, the Philippines, Timor-Leste, Thailand, Colombia, Vietnam, Brazil, Hong Kong, Singapore, Indonesia, Cambodia, Fiji, Samoa and Papua New Guinea.

LECP has also supported the operational exchange of members involved in various transnational

crime investigations including money laundering, narcotics, counter-terrorism, people smuggling and transnational sex offences, involving Malaysia, Thailand, Cambodia, Indonesia, and Taiwan.

Official visits by high-level law enforcement delegations to Australia, supported by LECP, have been undertaken by a number of countries, including Timor-Leste, Indonesia, Vietnam, Malaysia, Thailand, Cambodia and China.

At the multilateral level, LECP continues to support or sponsor a number of high-level forums and meetings between agencies to discuss transnational crime capacity building and assistance. These include:

- Pacific Islands Chief of Police Conference (formerly South Pacific Chiefs of Police Conference)
- Pacific and Asian donor collaboration meetings
- Bali 2 Process—People Smuggling Targeting Workshop, Turkey
- Asia Region Heads of Criminal Intelligence Working Group.

LECP has conducted wide-ranging activities over the reporting period. These continue to enhance the international reputation of the AFP and support the AFP's ability to respond to the fight against all forms of transnational crime.

IDG TRAINING INITIATIVES

The School of Peacekeeping Operations (SOPKO) is the arm of Learning and Development (L&D) responsible for the formulation and execution of

training for personnel who are going overseas on peace support operations or capacity development missions. Training conducted by SOPKO includes:

- international deployment pre-deployment training (IDPT) – a generic training program undertaken by all deploying staff
- mission specific briefings—these briefings provide staff with information regarding issues specific to their mission and are conducted immediately before departure
- in-country induction training for PPF personnel in the Solomon Islands – induction briefings to newly-arrived members teaching specific skills that staff require to perform duties, such as boat handling and quad bike familiarisation.

In 2004–05 SOPKO completed 23 training programs with a total of 636 members trained. Of these, 62 members were from Pacific Island nations including Fiji, Tonga, Nauru, Papua New Guinea, Tuvalu and Kiribati. A further 87 members were from state police services; 54 from Victoria, 17 from Western Australia, 11 from South Australia and five from Tasmania. Personnel from AusAID, DFAT and NSW Fire Brigades also took part in the IDPT program.

INTERNATIONAL TRAINING COMPLEX

The AFP International Training Complex was opened by the Prime Minister and the Minister for Justice and Customs on 23 June 2005. The



A purpose-built training centre on the outskirts of Canberra replicates the living conditions that come with many of the overseas deployments that the AFP undertakes.

complex represents a commitment to the AFP training philosophy of adopting new learning regimes for personnel being deployed overseas. It consists of a small town constructed to represent the environment personnel will encounter in developing nations. The facility is also used by a wide range of other AFP personnel and government agencies for purposes including tactical training, DVI and bomb response training.

Situated on 198 hectares of land, the 18 different buildings and structures include a town hall, corner store, police station, market place and school. This small town environment provides all of the essential elements for simulated exercises in community policing and peacekeeping operations. The facility cost \$2.8 million and has been used to train over 130 personnel since construction was completed in March 2005.

OPERATIONS RESPONSE TEAM

During the reporting period it became apparent that the AFP needed to maintain a tactical capability in RAMSI, and that it would need such services in various forms. In January 2005 the AFP executive directed that such a capability be established and be known as the Operations Response Team (ORT).

In January 2005 the ORT was created to maintain a tactical capability in RAMSI.

Situations in which the ORT will be deployed include:

- tactical operations (high risk search warrants, arrests and searches)
- public disorder situations
- disaster victim identification (phase 1)
- bomb searching
- searches in rural or jungle environments for missing or lost people
- general policing duties.

The ORT provides the AFP with an offshore capability to deliver these skills in a professional and efficient manner. At the end of the reporting period the first ORT unit was preparing for deployment to RAMSI. A second team had started its validation period (prior to final training) and a basic course was about to begin for internal AFP applicants.

Output 1.3 – International Services

PERFORMANCE MEASURE 1

The extent to which Commonwealth international obligations are met

In line with its commitment to the Australian Government, the AFP has concentrated its resources on matters with a high or very high impact on the Australian community. For the year to date, 99 per cent of resources allocated to International Services were devoted to high or very high impact matters, which exceeds the portfolio target of 65 per cent.

The IDG created its Operations Monitoring and Performance Team in early 2005. The team monitors business activity and reports trends and outcomes to the executive management team, which uses this data to inform management decisions and determine priorities for resource allocation. Much of this new team's work has centred on refining business processes and developing monitoring reports.

At 30 June 2005, the IDG held 215 cases on hand. Of these, 67 per cent fell within the Law Enforcement Cooperation Program. Of the 215 cases on hand, the incident type in 97 per cent relates to operational support, technical support, equipment provision, and training. The remaining cases all relate to peace operations. In all, 40 per cent of the IDG's cases have a high or very high impact while 38 per cent have a medium impact. The majority of cases (73 per cent) are of routine priority, while 23 per cent are essential.

Output 1.3 – International Services

PERFORMANCE MEASURE 2

Client satisfaction with International Services

The AFP conducted a client satisfaction survey in early 2005 for the calendar year 2004. For the first time the survey included IDG clients. Among them were a range of Australian Government agencies, state, territory and overseas police services, the Office of United Nations International Policing and non-government agencies including private companies.

Key results from the survey include:

- willingness and capacity to assist clients—94 per cent satisfaction
- quality of relevant skills and knowledge—94 per cent satisfaction
- frequency of communication—94 per cent satisfaction

- timeliness in responding to requests for information or advice—94 per cent satisfaction
- ability to provide relevant, accurate, and useful information—88 per cent satisfaction.

A clear result from the satisfaction survey is that over 90 per cent of IDG clients are satisfied with the service they received in 2004, with many of the satisfaction levels reaching the 'very satisfied' rating.

Output 1.3 – International Services

PERFORMANCE MEASURE 3 *Cost-effectiveness of service delivery*

Failed and fragile states constitute a major challenge for developed nations. At the highest level, there are strong humanitarian and ethical reasons for assisting other nations through this uncertain and difficult phase of their development. At a more pragmatic level, it is also clear that developed nations have a vested interest in supporting failed and fragile states as social and institutional dysfunction contribute to economic failure. These factors combine to create strong environments for the emergence of transnational crime along with both national and international terrorism which transfer directly to developed nations.

Research in relation to fragile and failed states has shown high costs to not only affected states but neighbouring states and those which attempt to assist them. The average cost of a civil war where a state fails is estimated to be in the order of \$50 billion (Collier and Hoffman, 2004; Chalmers, 2004) and lost GDP in nations adjacent to fragile states is in the order of 0.4 per cent each year. While it is recognised these costs are highly variable, there is little information on other costs such as the long range transference of terror across the globe or the impacts of transnational crime in its various forms including the international drug trade and money laundering. These costs are nevertheless significant and affect Australia not only economically but in intangible ways through the generation of fear and reduced confidence in the future.

Until recent years, AFP involvement in this area was restricted to peacekeeping operations in post conflict societies. This position has changed substantially with maturing aid philosophies which acknowledge the existence of basic law and order in recipient countries as a major precondition for the effective and efficient delivery of other programs.

Funding for public services such as health care and education is diminished in lawless or institutionally

corrupt environments where aid funds are absorbed or otherwise diverted through illegitimate practice. An increasing emphasis on whole of government policy interventions has strengthened this shift with multiple agencies combining to capitalise on resource synergies to address the 'big' problems rather than 'battling on' alone with only limited success.

The IDG represents the AFP contribution to this whole-of-government approach and recent work in the Solomon Islands has shown how successful this can be with multiple agencies working on broad fronts. The restoration of law and order has brought peace and security to the Solomon Islands and created the conditions for a stable and more prosperous future in direct contrast to the bleak outlook of only two years ago. The direct benefits of this outcome to Australia accrue in the form of a healthy and robust neighbour which can add to the quality of life in the Pacific region rather than detract from it.

OUTPUT 1.4 — GUARDING AND SECURITY SERVICES

The Protective Service (PS) is a key part of the Protection portfolio and reports to the Commissioner through the National Manager Protection. Predominantly, the PS delivers the AFP's Output 1.4, Guarding and Security Services. The PS contributes to the achievement of Outcome 1 through the protection of Commonwealth interests in Australia and overseas.

The objectives of this output are to provide a range of user-pays protective security services consistent with the Government's interests; and provide a first-response and deterrent role to potential terrorist acts against Australia's passenger aviation industry.

To achieve these objectives the PS:

- provides a counter-terrorist first response (CTFR) capability at major airports, including explosives detection canines (EDC); Regional Rapid Deployment Teams (RRDT) and the Protective Security Liaison Officer (PSLO) network
- provides deterrence against any attempt to disrupt Australia's in-flight passenger safety through an ASO program
- provides protection of diplomatic and consular missions that is consistent with the level of assessed risks in order to meet the Government's responsibility under international law

- provides protective security services nationally at Commonwealth premises considered by Government to be at risk, including Parliament House, The Lodge and Government House
- provides protective security services internationally at premises considered by Government to be at risk, including three Australian diplomatic missions
- provides operational support for AFP national and international operations
- provides specialist services, including security risk management advice and personnel security vetting.

PS delivered services in accordance with the Australian Federal Police Act under user-pays business arrangements and through budget-funded activities. ASO, PSLO, RRDT programs and operational support for AFP national and international operations are fully budget funded. CTFR and EDC programs are partially budget funded. All remaining activities are delivered on a user-pays basis.



Among other duties, Protective Service Officers provide security services to Parliament House.

COUNTER-TERRORIST FIRST-RESPONSE

All CTFR airports require protective service officers to be qualified in advanced first response (AFR) and this is maintained through ongoing recruitment and training.

The RRDT capability commenced operations in January 2005. The first operational team, based at Melbourne Airport, has attended a number of regional airports in Victoria, New South Wales, South Australia and Tasmania. The Melbourne Airport-based RRDT also participated in a Western Australia Police Service counter-terrorism exercise centred on Broome Airport. Three other teams, which are located at Sydney, Brisbane, and Perth airports, became operational on 1 July 2005.

The objective of the RRDT is to provide an intelligence-driven, threat-based, operational deployment capability to regional airports. The RRDT conduct two types of deployments, pre-planned and threat based. Pre-planned deployments are designed to practice deployment protocols, familiarise other stakeholders with the RRDT capability and provide an active deterrence against terrorist threats to regional aviation. The threat-based deployments are short-notice deployments triggered by intelligence indicating an increased threat at regional airports, to pre-position a CTFR deterrence and response capability.

The PS has continued to develop the EDC program commencing a change in training methodology to support continuous improvement. The program maintains teams in Brisbane, Melbourne, Sydney, Canberra and Perth.

The bomb appraisal officer (BAO) capability at CTFR airports increased marginally in both staff and equipment to extend the capability to the RRDT. The BAO capability at airports has remained in high demand.

The Australian Government directed that CTFR arrangements be recast from a role based on deterrent patrolling and first response, to one that is preventative, proactive and intelligence-focused. Sydney Airport Corporation agreed to host a trial of the new model late in 2004 and the aviation industry has subsequently agreed to the new CTFR model as the basis for developing CTFR operational plans and agreements for all CTFR airports.

PROTECTIVE SECURITY LIAISON OFFICER NETWORK

The Protective Security Liaison Officer (PSLO) Network began on 1 July 2004 with \$12.8 million in funding over four years. The federal agents in the network have a mandate to coordinate

aviation security intelligence and provide a conduit for information between government and non-government stakeholders in the aviation industry. The network is also a key enabler for the CTFR model.

The network consists of a national coordinator, team leader and 17 PSLOs with investigative and intelligence expertise. PSLOs are deployed to all airports where the AFP provides a permanent CTFR capability. These locations include Cairns, Brisbane, Gold Coast, Sydney, Canberra, Melbourne, Hobart, Adelaide, Alice Springs, Darwin and Perth airports.

PSLOs continue to develop strong relationships with PS officers and work closely with the CTFR duty operations managers to ensure consistent operational reporting and a coordinated approach to AFP stakeholder relationships. The network monitors the deployment of the RRDT with an intention of participating in selected future deployments.

The PSLO Network continues to evolve within its mandate and anticipates an increase in operational effectiveness over the coming year.

AIR SECURITY OFFICER (ASO) PROGRAM

The Air Security Officer (ASO) program increased its staffing level and met its agreed rate of effort for domestic operations. International operations proceeded smoothly with regular deployments by ASO on a reciprocal basis with Singapore and the United States. Significant progress was made in developing new international destinations based on Australian Government requirements, with new agreements expected to be concluded in 2005–06.

PROTECTIVE SERVICE OPERATIONS

Protective Service Operations continues to provide services to Australia's official establishments such as The Lodge, Government House, Kirribilli House, Admiralty House and Parliament House. In addition, a number of highly sensitive defence establishments, the Australian Nuclear Science and Technology Organisation (ANSTO), and the diplomatic missions in Canberra, Melbourne and Sydney are covered by PS operations. PS officers are also posted overseas to provide operational support to RAMSI, DIMIA operations in Nauru, and at the Australian diplomatic missions in Jakarta, Kuala Lumpur and Port Moresby. In August 2004, on recommendation from the National Security Committee, the Prime Minister approved funding of \$17 million over five years for phase one of the implementation of a surge capacity for PS operations. The AFP submission for phase



Protective Service Officers contribute to the achievement of Outcome 1 through the protection of Commonwealth interests in Australia and overseas.

two was approved in February 2005 and included a further \$22.7 million over four years.

The development of this surge capacity will enable the AFP to supplement protective security measures at high-risk sites already protected by the PS, and to provide PS resources to at-risk sites, special events or in the event of a terrorist attack or heightened and sustained threat environment. At other times, the capacity will be used to add increased flexibility and capability to the performance of current PS responsibilities.

The AFP also received funding in February 2005 for the PS Diplomatic Protection Units. As a result of the *Review of Protective Security Strategies for Australian Holders of High Office and Diplomatic and Consular Missions* by David Sadleir, the Prime Minister approved \$120 million over four years for the AFP to implement a change from a focus on static guarding to a more mobile responsive concept of operations for diplomatic precincts around the country. This project includes the recruitment of an additional 32 PS officers and will be enhanced by the development and implementation of the National Protection Operations Centre due for commencement in 2005–06.

REGIONAL ASSISTANCE MISSION SOLOMON ISLANDS

The Regional Assistance Mission Solomon Islands (RAMSI) project continued with officers from around Australia rotating in and out of the Solomon Islands every 16 weeks. The PS has provided 183 officers to RAMSI since 1 July 2004 and received an additional appropriation of \$19.078 million to provide officers to RAMSI through 2004–05.

Output 1.4 — Guarding and Security Services

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 PS grew to meet the demands of clients to whom the AFP provided user-pays protective security services. All major user-pays clients were retained. New outcome-focused service delivery agreements are to be negotiated with airport operators to take into account the new CTFR operational model.

More than 70 PS personnel assisted security during the major protest activity at the Baxter Immigration Detention Facility (IDF) in South Australia in Easter 2005, and seven protective officers were sent to the Australian Pavilion at the 2005 World Expo in Aichi, Japan.

Mr Ed Killesteyn, the Acting Secretary of DIMIA, expressed his appreciation for the support provided by PS during Easter 2005 protests at Baxter IDF. "Officers who were involved in the operation displayed a high level of professionalism and commitment... The support they offered was professional, generous and unstinting, and their guidance and advice focused and valuable."

Negotiations took place with ANSTO on a new contract for the provision of protective services at its Lucas Heights facility, and similar negotiations took place with the Department of Defence. Key features of these new agreements will be more intelligence-driven and outcome-focused operations, and recognition of the operational independence of PS as part of the AFP.

Output 1.4 — Guarding and Security Services

PERFORMANCE MEASURE 2

Satisfaction of clients and stakeholders with service provision

The PS 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 is anticipated that the aviation industry's

satisfaction with the delivery of CTFR will increase as the new concept is developed and demonstrated.

The ASO program continued to provide a highly commended additional layer of security to passengers on Australian registered aircraft on domestic and selected international services. The ASO program further developed its already close relationship with the aviation industry and expanded its operations to Australian Airlines and Jetstar. A close relationship was developed with a number of federal and state counter-terrorism authorities, which resulted in a number of tactical exchanges occurring.

Output 1.4 — Guarding and Security Services

PERFORMANCE MEASURE 3

Cost-effectiveness of service delivery

The PS achieved a total surplus after tax before dividend of \$11.06 million for 2004–05 which includes a net operating profit after tax from commercial activities of \$3.74 million. At 30 June 2005, the Enhanced Aviation Security and EDC Program had spent \$39.68 million, from an allocated funding of \$40.58 million.

Revenues from PS commercial activities increased by 2 per cent during the financial year; from \$93.46 million in 2003–04 to \$95.69 million for 2004–05.

The net surplus before corporate tax and dividend for the year was \$13.96 million. The net dividend to the Department of Finance and Administration was \$0.36 million.

As a result of its commercial operations, the PS achieved at least a 15.5 per cent rate of return for 2004–05. This result was 7.5 per cent over the required rate of 8 per cent, achieving a more than satisfactory rate of return reported for 2004–05.

During 2004–05, the PS continued to work closely with the aviation industry to ensure it delivered the highest level of service while limiting operating costs to those essential in maintaining the volume and quality of service required.

IN MEMORY OF ADAM DUNNING

Adam Dunning joined the Royal Australian Air Force cadets in 1995. Even at this early time in his life, Adam's outstanding service as a young cadet was noted by his senior officers and he was complimented for having a positive attitude to his duties.

In 1998 Adam was accepted into the Airfield Defence Guard becoming a permanent member of the RAAF. Once again, Adam proved his competence and his natural leadership abilities and was awarded dux of his recruit course.

The skills Adam learned in this position were further developed when he was posted to East Timor as part of the Australian Defence Force commitment to the United Nations Assistance Mission. Adam's unit was in the first wave of deployments and their duties were to secure Dili Airport. It was during this period that he showed great compassion in adverse circumstances.

His ability to diffuse situations was noted by senior officers and he was made Second in Command of his section.

Adam and his unit received a Meritorious Unit Citation for their work in East Timor.

During his time serving with the United Nations, Adam developed a personal passion for the work of the organisation, seeing it as an opportunity to help others less fortunate than himself. Adam remained an active member of the 28th Squadron Reserve Unit.

On the 29th March 2003 Adam joined the Australian Protective Service, which at that time had become an operating division of the Australian Federal Police. During his recruit course, Adam once again excelled in all areas of his training, demonstrating his determination to serve his community.

Adam commenced his operational duties as part of the protection deployments to the Parliament of Australia. Again, Adam demonstrated enthusiasm for his work and was a popular member of his team.

On 4 October, 2004 Adam commenced duties as part of the Australian Federal Police contribution to the Regional Assistance Mission to the Solomon Islands better known by its acronym – RAMSI.

RAMSI is contributed to by eleven participating police forces in the Pacific region and is an initiative of the Pacific Island Forum. When the mission commenced it adopted the pidgin title of Operation Helpem Fren. From day one of the mission the people of the Solomon Islands readily acknowledge that they have benefited greatly from the presence of RAMSI personnel.

Adam quickly adjusted to the work of the mission and life in Honiara. On 18 November 2004 he was awarded a commendation in recognition of his efforts in disarming a male person carrying a replica pistol in the precincts of the Honiara Magistrates Court. In front of a crowd of more than 100

onlookers, Adam had the presence of mind not to over react, but instead, he quietly and confidently de-escalated the situation.

In the early hours of 22 December 2004, Protective Service Officer Adam Dunning was on a routine patrol in Honiara with a colleague protecting the Prime Minister's residence and the Governor-General's residence. Adam and his colleague had also patrolled the residence of senior members of the Royal Solomon Islands Police force and RAMSI staff whose lives had been under threat.

At 3.10am while continuing his patrol of high risk premises, Adam was fatally wounded by a gunman secreted by the side of the road.

It is said that no greater sacrifice can be made than to lay down your life for your fellow human being. While Adam got to know many Solomon Islanders in his time there, through his sacrifice there is no doubt he will be long remembered in the Solomon Islands community for generations to come. Tragically, they will know of his bravery but he will not have the opportunity to see the positive impact of his work and his life.

At a memorial service in Honiara conducted on 23 December 2004, we said that the Dunning family have lost a son, a brother and a nephew. The AFP has lost a courageous and professional young officer. The people of Australia and the Solomon Islands have lost a dedicated young man committed to serving, with his colleagues, the will of the governments of Australia and the Pacific Island nations.

Adam Dunning died for peace and law and order. His work and his death will always be remembered by his colleagues in the Australian Federal Police. May he rest in peace.





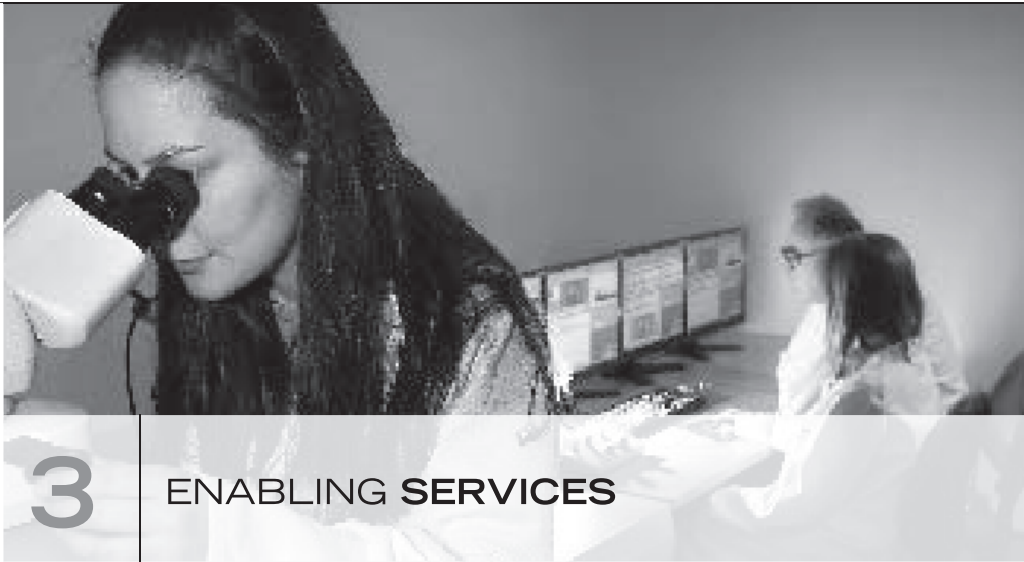
Canberra citizens lined Anzac Parade to bid farewell to Protective Service Officer Adam Dunning following a funeral service at the chapel at Duntroon.

—AAP Photo

ANNUAL REPORT 2004-05

3

ENABLING SERVICES



CHAPTER 3

ENABLING SERVICES

The AFP has a range of enabling services which provide either direct or general support to operational activities. These services comprise general corporate and police specific support and are under the portfolios of the Chief Operating Officer and the Chief of Staff.

CHIEF OPERATING OFFICER PORTFOLIO

The Chief Operating Officer portfolio incorporates Information Services, Financial Services, Commercial Services, Human Resource Management, Forensic and Technical Services, Professional Standards, Internal Audit and Recognition and Ceremonial.

CHIEF OF STAFF PORTFOLIO

The Chief of Staff portfolio incorporates the Commissioner's Office, Marketing and Communications, Ministerial, Policy and Strategic Services, including Legislation, and Performance Planning.

Administrative arrangements for the AHTCC are also overseen by this portfolio, although the AHTCC reports on operational matters to the National Manager Economic and Special Operations.

MARKETING AND COMMUNICATIONS

The Marketing and Communications unit supports the delivery of organisational outcomes for the whole of the AFP through two strategic arms; the Marketing and Publications Team and the National Media Team.

This includes development and management of internal and external communications strategies, marketing issues including corporate identity and branding, media liaison, issues management and monitoring, events management and preservation of the corporate history of the AFP through the AFP Museum.



A series of events celebrating the AFP's 25th anniversary took place around Australia and overseas during 2004. In Canberra a family fun day was followed on 19 October with a march which culminated with the presentation of the keys to the city ceremony.

Events marking the AFP's 25th anniversary took place throughout 2004 in AFP locations in Australia and around the world. On 19 October, in Canberra, following a parade in which representatives of all AFP areas took part, the AFP was afforded the keys to the city as a highlight of these celebrations.

MARKETING AND PUBLICATIONS

The reporting year was a major one for the Marketing and Publications team with the outstanding success of activities around the country for AFP 25th anniversary celebrations.

A series of events, products and activities were produced including:

- a 25th anniversary mark used on all communications throughout the year
- an anniversary pin distributed to visitors, law enforcement partners and staff
- a photographic history book
- promotion through internal and stakeholder publications
- a proactive media strategy
- nationwide events including an anniversary ball and state-based celebrations.

Events around the country included family days, client and stakeholder functions and participation in local shows and displays. The major anniversary event was a formal dinner for 600 people at Parliament House in Canberra, hosted by ABC personality Andrew Denton.

The team continued to produce the two AFP flagship publications, *AFP News* and *Platypus*

Magazine, making use of new technologies to improve design and publication efforts.

When the Roof Became Stars is an exhibition on the investigation into the Bali bombings, curated by the AFP Museum. Following an outstanding season in Old Parliament House, the exhibition toured regional New South Wales and will be exhibited in October 2005 at Sydney's Powerhouse Museum.

AFP contingents to RAMSI and PNG were also supported by proactive marketing and media strategies throughout the reporting year.

THE AUSTRALIAN FEDERAL POLICE MUSEUM

The AFP Museum continued to provide satellite displays for numerous AFP events and contributed to the celebration of the AFP's 25th anniversary with displays, research and gifts. The AFP Museum's touring exhibition on the Bali bombings continues to attract audiences in the eastern states.

NATIONAL MEDIA

The National Media team continued to ensure a steady stream of accessible information was provided to media outlets through the reporting year. This included a number of significant occurrences, such as the bombing of the Australian Embassy in Jakarta; the murder of Protective Service Officer Adam Dunning in the Solomon Islands; AFP involvement in disaster victim identification following the Indian Ocean tsunami; a national crackdown on online child pornography; and numerous drug operations including the seizure of more than 1 tonne of MDMA in Melbourne.

The National Media office, supported by regional public affairs officers around the nation, distributed 147 media releases and managed more than 600 media issues. Requests for information from local, national and international media including print, radio, television and Internet-based news services were facilitated, and support was provided to the office of the Minister for Justice and Customs.

During the reporting period, the area supported all major AFP operational activities including joint operations with partner agencies, through media briefings, conferences, access to AFP members for interview and the distribution of media releases. The team also provided a media monitoring and clipping service to all AFP offices.

MINISTERIAL

The Ministerial team is the primary point of contact between the AFP, the AGD and the Minister for Justice and Customs. Requests from all other government agencies are facilitated through this area, which is also responsible for the development,

coordination and quality assurance of Possible Parliamentary Questions, Current Issues Briefs, Ministerial Briefings, Ministerial correspondence, Senate Estimates and Questions on Notice.

Ministerial team members perform a Cabinet liaison officer role. This includes ensuring AFP Cabinet documents are properly registered and maintained; facilitating matters relating from Parliamentary committees; facilitating briefings and programs relating to the Minister's overseas travel; and liaison with other Australian Government departments and agencies.

During 2004–05, Ministerial progressed:

- 198 Possible Parliamentary Questions
- 71 Current Issues Briefs
- 428 items of Ministerial correspondence
- 501 Ministerial briefings
- 32 Questions on Notice
- 176 Senate Estimates and Questions on Notice.

The team prepared the incoming Government brief following the 2004 Federal Election. It was responsible for coordination and facilitation of all AFP briefings for the Senate Legal and Constitutional Committee—Budget Estimates and Additional Estimates, which took place in February and May 2005.

Staff within Ministerial have also presented various Ministerial writing workshops throughout the reporting year and contributed to other learning and development programs, where required. The purpose of these programs is to raise the level of political awareness and Ministerial writing throughout the AFP.

The AFP has a law enforcement liaison officer located in the Office of the Minister of Justice and Customs. This officer provides a single point of contact for Ministerial staff from the Office of the Minister of Justice and Customs and the Office of the Attorney General. This officer maintains a sound operational relationship with both Ministerial offices and provides timely advice on law enforcement matters.

POLICY AND STRATEGIC SERVICES

As the principal adviser to the Commonwealth Government on policing, the AFP is expected to maintain policy awareness across a broad spectrum. The three key objectives of Policy and Strategic Services (PSS) are to:

- ensure AFP policy development meets the

requirements and expectations of government and the Commissioner, particularly in response to a dynamic international security and crime environment

- ensure AFP policy positions are consistent with, and advance the organisation's overall strategic direction
- maximise benefits from policy relationships with partners and stakeholders.

The National Security and International Law Enforcement section continued to provide policy advice and support to the AFP's counter-terrorism, international and protective security areas, as well as providing advice to the AFP executive and business areas on emerging crime issues.

Contributions were made to a number of major Government initiatives and reviews, including measures to enhance aviation security; combat online child sexual abuse; provide a surge capacity for the Protective Service; and enhance Australia's capabilities to assist regional neighbours to combat terrorism.

The section also coordinated a strategic review of the AFP's international activities under the auspices of the National Managers' Group and provided facilitation services and materials supporting an international executive management retreat.

The National Law Enforcement and Executive Coordination section provided secretariat services for the peak internal decision-making bodies of the AFP; the Executive Management Board, the National Managers' Group and the Science and Technology Steering Committee.

Advice was provided to the Minister, Commissioner and other members of the AFP on significant national law enforcement policy issues coming before high-level national law enforcement forums, including the Australasian Police Ministers' Council and the annual Police Commissioners' Conference.

AFP positions were developed on significant national law enforcement policy issues, including representing the AFP on the Australian and New Zealand Institute of Police working party, and contributing to the review of the Police Commissioner's Conference and National Common Police Services and the development of a professionalism strategy for Australasian police.

Advice and secretariat services were also provided to the National Police Memorial Steering Committee. Work was completed in conjunction with the National Capital Authority on approving a national police memorial site and conducting a design competition for the memorial.

The Drugs Policy section provided advice to high-level drug policy forums, including to the Ministerial Council on Drug Strategy and the Australian National Council on Drugs. This section also continued to represent the AFP in drug policy forums such as the Intergovernmental Committee on Drugs, the Board of the National Drug Law Enforcement Research Fund, the National Working Group on the Diversion of Precursor Chemicals, and the Asia Pacific Drug Issues Committee.

The Drugs Policy section also contributed to the successful outcome achieved by the Australian Delegation at the 48th Session of the Commission on Narcotic Drugs in Vienna in March 2005, where three Australian resolutions were endorsed.

The section also continued to support the activities of the APG by supporting the Commissioner, as co-chair of the APG, at meetings in Seoul and Tokyo, and the joint APG Financial Action Task Force plenary meeting in Singapore in June 2005.

Part of these responsibilities was the coordination and implementation of a review of the administrative arrangements for the APG secretariat, which resulted in administrative responsibility for the secretariat transferring from the Australian Crime Commission to the AFP in 2005.

Support continued for the Commissioner in his ongoing roles as the AFP representative on the Australian Crime Commission's Board of Management, Chair of the Board and Chair of the Board's Strategic Direction Committee.

The Strategic Services section provides a link between the AFP emerging operational environment and development of policy and corporate strategies.

This section supported the AFP executive's strategic considerations and actions by:

- completing the annual review of the 2004–06 Strategic Plan
- undertaking the AFP's annual environment scan
- providing strategic discussion and insight during executive management retreats
- completing a scenario analysis project which addressed the changing nature of intelligence and its impact on the AFP in 2009, and undertaking an analysis of the relationship between identity and crime in 2012.

During the reporting year the AFP Legislation Program participated in whole-of-government processes to identify and develop legislative reform in relation to the investigation of serious drug offences, people trafficking and terrorism offences.

The AFP also contributed to a number of legislative reviews including the Attorney-General's review

of Telecommunications Interception, the Privacy Commissioner's review of the National Privacy Principles and the Parliamentary Joint Committee on the Australian Security Intelligence Organisation, the Australian Secret Intelligence Service and the Defence Signals Directorate review of ASIO's questioning and detention powers.

New legislation and amendments passed by the Parliament of significance to the AFP included:

- *Surveillance Devices Act 2005*
- the stored communications amendment to the *Telecommunications (Interception) Act 1979*
- new telecommunications offences in the Criminal Code, in particular Internet child pornography and sexual abuse offences
- amendments to the association with terrorist organisation offences in the Criminal Code
- amendments to the *Australian Passports Act 1938* to allow law enforcement officers to demand, confiscate and seize foreign travel documents to prevent suspects from leaving Australia
- clarification of the Crimes Act so that forensic procedures may be used in Australia to identify victims of a disaster
- the creation of state offences that have a federal aspect to allow the AFP to investigate offences that by their elements potentially fall within Commonwealth legislative power or because of the circumstances of their commission potentially fall within Commonwealth power or are incidental to an AFP investigation of Commonwealth offences.

PERFORMANCE AND PLANNING

Performance and Planning, formerly titled Outcome Service Delivery, through its focus on planning and performance practices, is responsible for servicing the monitoring, management and reporting requirements for Outcome 1. These responsibilities include the measurement of organisational performance in delivering high quality results which are aligned with government and client expectations through the application of rigorous planning practices and a dedicated approach to continuous business improvement.

Key corporate service responsibilities are achieved through:

- organisational performance monitoring and management, including both internal and external reporting responsibilities

- comprehensive business planning and risk management coordination, including strategic and annual planning practices
- developing partnerships with universities and quality external providers to develop economic measures of performance for AFP activities
- internal performance reviews, including monitoring performance against established plans and the conduct of Business Activity Analysis assessments
- the management of national client services, including the measurement of client satisfaction
- national operations information coordination for operational systems, procedures and practices.

Through these services Performance and Planning continues to coordinate business strategies for Outcome 1 activity to further streamline and improve service delivery.

HUMAN RESOURCES MANAGEMENT

PEOPLE STRATEGIES

The development and delivery of effective people strategies for the AFP continued to increase in complexity during the reporting period. To meet these challenges the organisation has grown, in line with Government and community expectations. This growth has prompted a new responsive human resources strategy to build organisational capability and support the delivery of AFP outcomes.

To ensure organisational capacity and ongoing potential, significant effort has been directed to working with the AFP Executive Management Board to identify the key characteristics of the work force of the future, and innovating and aligning the human resource infrastructure, including through the introduction of a revised human resource delivery model.

The restructuring of the human resources strategy is ongoing. However, considerable achievements have been realised towards building and maintaining a work force that is highly skilled, adaptable, ethical and professional, and a workplace that is safe, equitable and rewarding.

Articulating the structure of the future work force continues to be the reference point for the development, implementation and assessment of human resource policies. The human resource delivery model is progressively being revised to reflect three elements:

- a central research, policy, standards and strategic direction group working closely with the executive and senior managers to develop and manage core people management strategies
- networked regional and functional human resource teams that work closely with line managers to deliver core business strategies
- an expanded shared services centre undertaking personnel processing and related advice to AFP employees.

Underpinning the delivery of this model is the progressive IT automation and business restructure of personnel (and related finance) processing functions. From July 2005, efficiencies will be realised through enhanced employee self-service and manager self-service functions for automated leave, transfer and higher duties outcomes and other priority processes.

Additionally, e-recruitment will be introduced for both sworn and unsworn recruitment. This will result in streamlined processes; improved positioning of the AFP to attract quality candidates; and improved administrative processes. The AFP is also undertaking an independent review, in conjunction with Information Services, of its human resource information strategy and IT platform. This is with a view to enhancing delivery of human resource applications, including performance management, careers planning, skills audit and deployment management.

Collectively, these initiatives and innovations have created a platform by which the AFP human resource function can validate and expand its strategic role and direct contribution to business outcomes.

WORKFORCE PLANNING

The AFP introduced two major initiatives in the 2004–05 financial year directed at improving its activities in work force planning. The first was the creation of a Strategic Work Force Planning Committee, consisting of members from AFP executive and national managers groups. This committee oversees recruitment activities in light of broader business planning, both current and strategic, and human resource policy issues. The second initiative was the implementation of an Outcome Business Planning Framework which drives the allocation of human resources in a capacity management sense, and the accompanying budget allocations.

The AFP people strategies work force planning group supports business planning activities within

the AFP. The group continues to inform budget planning, recruitment strategy and resource allocation consistent with annual business plans. The group also provides detailed reporting and analysis of work force trends.

The AFP has adopted a flexible and adaptive approach to mobilising its work force so that proper resourcing and skill levels are provided to new initiatives, including offshore peacekeeping and capacity building missions, while maintaining core business activities. The ability to maintain ACT Policing levels in concert with the service level agreement with the ACT Government has also been a particular focus. The ACT Policing business stream provides much of the community policing expertise needed in peacekeeping activities.

The ability to recruit fresh skills into the AFP is dependent upon the affordable staffing levels of the AFP, and the annual loss of staff through attrition.

In the 2004–05 financial year, the attrition rate for the AFP was 5.7 per cent, with a significantly lower attrition rate of 3.6 per cent for sworn staff. Due to significant recruitment over the past three years, 62 per cent of the work force has less than 10 years of service, and 39 per cent are aged 35 and younger. Additionally, the challenging nature of today's AFP business, both nationally and internationally, provides an employer and career of choice for AFP staff.

Table I – The total number of AFP (including PS) at 30 June 2005

	2003–04	2004–05
Outcome 1 and 2		
Members (sworn)	3465	3485
Members (unsworn)	1335	1505^a
Total	4800	4990

a. This figure includes 59 PS recruits in training. In addition, the AFP had 85 state police seconded to assist IDG operations.

The change in staff numbers from the previous financial year reflects the sum of recruitment against new measures introduced in 2004–05, and the low attrition rate of the AFP.

A detailed breakdown of the AFP staff characteristics, including geographical distribution, employment groupings, service, gender and age profiles of sworn and unsworn AFP staff, and operational and non-operational staff can be found in the Appendixes.

RECRUITMENT

The AFP continued to meet demands arising from new measures announced by the Government and to meet attrition.

The AFP plans its recruitment activities through the AFP Strategic Work Force Planning Committee with a view to properly staffing current and forthcoming operational and support activities and ensuring that recruitment decisions are made on the basis of the priority needs at any point in time.

The effectiveness of 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 of experience to effectively fill in for experienced members re-assigned to other activities such as peacekeeping.

In 2004–05, PS recruitment has met the demands arising from the introduction of the regional rapid deployment teams and the operational deployment teams throughout Australia as well as meeting the annual attrition rate.

The total recruitment figure for 2004–05 was 562 which included 215 positions recruited specifically for PS purposes. The remaining 347 positions includes all permanent and non-ongoing recruitment undertaken in 2004–05 for the remainder of the AFP.

WORK-LIFE DIVERSITY

In 2004–05 the AFP has continued to recognise and promote the benefits of flexible working arrangements and a diverse work force. In accordance with the Work-Life Diversity Program 2004–07 the AFP is further enhancing its ability to support individual work choices and capacity to meet operational challenges.

Key outputs in this regard are to:

- provide continuous improvement in flexible work practices
- review and develop more appropriate training packages and communication strategies for valuing diversity
- provide a coordinated approach in dealing with harassment, discrimination and bullying behaviour in the work place
- provide continuing support for AFP internal employee networks; to form key partnerships with external bodies including police jurisdictions and public sector agencies; and enhance employment opportunities for people from diverse backgrounds, including through the Indigenous Employment Strategy.

In recognition of the AFP commitment towards delivering these outputs, in November 2004, the Commissioner served as an Ambassador for the International Day for the Elimination of Violence against Women, also referred to as White Ribbon Day.

In 2004–05 one of the key deliverables for the Work-Life Diversity Program was the implementation of the Entry Level Recruitment initiative for Indigenous recruitment. This initiative is aimed at promoting greater employment, retention and development of Indigenous employees through the development of strategic partnerships between public sector agencies and other organisations. The AFP is working in partnership with the Australian Public Service Commission and the Ngannawal Aboriginal Corporation to pilot entry level traineeship as part of the Indigenous employment strategy. As part of this program three AFP trainees are provided the opportunity for work experience and to participate at a certificate level education program so that they can optimise their continuing career path in a supportive environment.

The AFP affirmed its commitment to promote cultural acceptance through employee and community activities through events such as Harmony Day, celebrated nationally and internationally. Harmony Day was celebrated for the first time in Port Moresby, with the Assisting Australian Police and local colleagues.

The AFP Malunggang Indigenous Officer Network celebrated its 10th anniversary, focusing on the recognition and celebration of Indigenous culture and history coinciding with the 10th anniversary of National Reconciliation Week.

Other activities included participation by members of the AFP Gay and Lesbian Liaison Officer Network and other AFP employees in the Sydney Mardi Gras parade and Pride March Victoria. This provided an opportunity to market the AFP as well as demonstrating an AFP organisational commitment to the gay, lesbian, bisexual, transgender, intersex and wider communities.

The AFP provided training for 37 Gay and Lesbian Liaison Officers nationally to increase the number of trained liaison officers to 105. The training is designed to equip members with the skills to deal sensitively with gay, lesbian, bisexual, transgender and intersex issues in the community, and to provide advice and support to members of both the public as well as AFP members.

The AFP Gay and Lesbian Liaison Officer Network was presented with the ACT AIDS Action Council President's Award in recognition and appreciation for its ongoing commitment to promoting safe sex, community education and support to the AIDS

Action Council of the ACT and people living with HIV/AIDS.

EMPLOYEE RELATIONS

A new certified agreement for Protective Service Officers was certified by the Australian Industrial Relations Commission on 19 April 2005. The Australian Federal Police Protective Service Officers Certified Agreement 2005 (AFP PSO Agreement 2005) was completed following an extensive consultation process with staff representatives and with the PS officers. The Australian Electoral Commission advised that 81.6 per cent of the valid votes cast supported the AFP PSO Agreement 2005.

The AFP PSO Agreement 2005 supports our capacity to deliver operational results and to meet the expectations of the Government and the Australian public with respect to national security interests. It is a 12-month agreement that replaces the transitional employment arrangements carried over from the Australian Protective Service on 1 July 2004. It advances the ongoing integration of the protective service within the AFP. In that regard, the vast majority of eligible protective service administrative staff and station managers are now integrated within the AFP Certified Agreement 2003–06.

REMUNERATION OF SENIOR EXECUTIVES

Remuneration and conditions of service for senior executives within the AFP are determined by the Commissioner with each senior executive entering an individual agreement at the commencement of employment. These agreements are reviewed by the Commissioner annually, or more frequently should it be considered appropriate, with changes in responsibilities and performance in contributing to the achievement of corporate objectives. In such instances, new agreements are set between the Commissioner and the 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 appear in Table 22 in the Appendixes.

RECOGNITION AND CEREMONIAL

RECOGNITION

The Recognition team's primary role is the continued establishment and maintenance of the AFP Recognition Program. This includes:

- investigation and facilitation of internal honours and awards

- investigation and process of awards under the National Awards and Honours system
- investigation and pursuance of appropriate awards from other external sources
- education and awareness of recognition mechanisms available to AFP employees.

Recognition has been a main component of the team following the design and introduction of new awards in 2003 and the announcements of internal awards on a biennial basis.

For the first time nominations were received and considered by the newly formed National Award and Recognition Committee (NARC) and announcements were made in the Foundation Day Honours List (19 October 2004) and the Commissioner's Honours List (2 April 2005).

The committee consists of:

- a Commissioner's delegate
- a Chief Police Officer's (CPO) delegate
- a Protective Services delegate
- the Team Leader, Recognition and Ceremonial Team (Chair)
- an AFP Association (AFPA) delegate
- a Professional Standards delegate
- an International Deployment Group delegate
- a community advocate.

A large number of acts were also recognised within the Australian Honours system, most notably Australian Bravery Decorations. This followed an extensive investigation into the Canberra bushfires, a large-scale rescue undertaken by Australian police in Timor-Leste and other investigations that resulted in AFP members being recognised.

During the reporting period, recipients were awarded the new AFP honours in a number of investitures around Australia and overseas, including all mainland capital cities and some regional centres.

Significant numbers of AFP employees who served with RAMSI were also recognised with the Police Overseas Service Medal.

NATIONAL AWARD AND RECOGNITION COMMITTEE

The establishment of the NARC formalised the award process and provided a transparent, accountable and consistent approach to the consideration of nominations.

The NARC is an advisory body that makes recommendations to the Commissioner on the awarding of AFP internal honours and the recommendation of nominations to external



Family and friends attended in support of the AFP's inaugural presentation of honours and awards which took place in Parliament House in July 2004. Similar presentations have taken place throughout Australia and overseas since that time.

recognition providers such as Australia's Honours and Awards (within the Australian Honours System) or the Royal Humane Society of Australasia.

The NARC considered more than 200 nominations during the reporting period.

CEREMONIAL

The Ceremonial team is largely responsible for planning and coordination of ceremonial events. These include National Police Remembrance Day; United Nations Day; scheduled ceremonial events including honours and award investitures; Freedom of Entry ceremonies, attestations and graduations; planning and coordination of unscheduled ceremonial events including police funerals and repatriations; and education and awareness including ceremonial workshops, recruit drill training and joint training courses with external agencies.

Several significant memorial ceremonies were undertaken in 2004–05. These included the repatriation and funeral of Protective Service Officer Adam Dunning, and the ceremonial repatriation of a Fiji police officer who died undertaking a training course in Australia.

Other ceremonial events included the 2004 National Police Remembrance Day service, 2004 United Nations Day service, the 25th Anniversary Keys to the City Ceremony and the Welcome Home Ceremony for the AAP contingent from Papua New Guinea.

Training and preparedness has been a major objective for this reporting period. A number of workshops and joint training projects have been undertaken to allow for better preparation and

planning options in the event of unscheduled ceremonial events.

To assist in the coordination, planning and conducting of ceremonial events, a number of ceremonial support elements have been established in this reporting period, including the Assistant Ceremonial Officer's Network (ACON) and the AFP Ceremonial Guard.

ACON was established to provide a network of trained and serving members in all capital cities and regional centres, with the ability to assist and support a range of ceremonial activities. ACON aims to provide consistent service and advice to a range of stakeholders on ceremonial and recognition issues.

There are currently AFP officers from all disciplines trained in most capital cities, with additional training course and workshops planned for 2005–06.

AFP CEREMONIAL GUARD

Based primarily in Canberra, the AFP Ceremonial Guard was established to provide a trained and highly disciplined uniformed resource to perform ceremonial functions and activities at short notice. In the past financial year the Ceremonial Guard has attended ceremonies in other capital cities and overseas. Ongoing development of the Ceremonial Guard as a vital resource in ceremonial events remains a priority.

CHAPLAINCY

The AFP has four Christian chaplains, including a female chaplain, and a Muslim chaplain. This provides a multi-denominational and multi-faith service to the membership. During 2004–05, the Chaplaincy worked closely with state and territory chaplains to develop a national chaplaincy plan for mutual support and cooperation for critical incidents and overseas operations, involving Australian police. The Chaplaincy regularly visited the workplace, and conducted services, weddings, baptisms, funerals, and counselling, for AFP members and their immediate families.

WOMEN IN LAW ENFORCEMENT STRATEGY

An initiative of the Heads of Commonwealth Operational Law Enforcement Agencies (HOCOLEA), the Women in Law Enforcement Strategy (WILES) aims to foster and encourage women pursuing careers, especially senior positions, in law enforcement and regulation.

WILES is an annual program, providing participants with a mentor from one of the HOCOLEA agencies. This has previously been the main WILES activity but over the course of the 2004–05 program, significant

changes have been made to improve the form and content of the program, to provide support to mentorees and mentors and to provide networking opportunities for the wider group. For the 2004–05 program which ended in August 2005, targeted workshops were developed and the newsletter was redesigned to both support major events and provide a resource to participants. The success of these improvements has been measurable and the 2005–06 program, which commenced in August 2005 will be delivered against this framework.

During 2004–05, the AFP chaired the WILES Steering Committee (Chief of Staff) and coordinated the project, providing a centralised contact point and on-going support to all mentorees as well as arranging delivery of all events in both Canberra and Sydney.

THE NATIONAL WOMEN'S CONSULTATIVE TEAM

The National Women's Consultative Team (NWCT) was established in 1999 as a result of a recognised need for women within policing to have the ability to network. A key function of the NWCT is to provide leadership to local women's groups across AFP and act as a sounding board on the issues concerning women and then take these initiatives forward to influence senior management. NWCT representatives continue to mentor local Women's Networks, ensuring that issues arising from other forums such as CAWIPAC are communicated across the AFP.

LEARNING AND DEVELOPMENT

Learning and Development (L&D) has supported the law enforcement community in the fight against crime and protecting Australia's interests through training initiatives for staff, partner law enforcement agencies and regional neighbours. In addition to staff development programs, L&D has supported these relationships by activities such as:

- partnerships with Customs, ATO, Centrelink and attorney-generals departments, to improve the investigations capacity of Commonwealth law enforcement agencies
- capacity building for the transnational crime centres in Indonesia and the Philippines (AusAID-funded projects) and Pacific Island countries
- delivery of intelligence training at JCLEC in Semarang, Indonesia—the JCLEC intelligence training activities are a collaborative partnership

of the AFP, Austrac and ADG.

- two International Management of Serious Crime Programs conducted in Indonesia at the new Jakarta Centre for Law Enforcement Cooperation.

New initiatives by L&D in 2004–05 included:

- the introduction of new training programs including:
 - National Investigations Development program
 - Tier 2 training for e-crime investigators
- Forensic Rapid Response program
- DVI program
- Rural Surveillance program
- design of a new manager development strategy, commencing with a Frontline Management program for team leaders
- introduction of language training in Arabic, Bahasa Indonesian, Mandarin, Tagalog and Thai.
- an Australian Research Council grant for collaborative research conducted by the AFP and researchers from Australian National University and Flinders University in *Policing the Neighbourhood: Australian Police Involvement in Peacekeeping, Capacity Building and Development*. This is a \$1.5 million program.

L&D members have also contributed to international cooperation by delivering papers at international forums. These included to the International Forum on Intelligence-Led Policing, at the invitation of the Chinese Ministry of Public Security, which took place from 17–19 June in Beijing; and to the 15th Interpol Symposium for Heads of Police Training in Hong Kong from 15–17 March.

INVESTIGATIONS TRAINING

The delivery of investigation training, centrally and regionally, continues to be important in ensuring AFP members develop their ability to effectively counter an increasingly complex global criminal environment.

Increased emphasis has been directed towards counter-terrorism investigations training. Several advanced level counter-terrorism investigation programs were delivered during the year to members of the AFP, and police services from New South Wales, Victoria, South Australia and the Northern Territory, as well as several international law enforcement participants from New Zealand, Indonesia, Philippines and Hong Kong.

Throughout the year two National Investigations Development Programs were delivered to AFP members, and a range of investigation training was

provided to members of the AFP and other partner agencies in financial investigations, transnational sexual exploitation investigations, online child sexual exploitation investigations and electronic crime.

The investigations training team was also involved in developing the United Nations Office on Drugs and Crime computer-based training module in offences of trafficking in persons, for use by law enforcement agencies in South-East Asia.

LEADERSHIP AND MANAGEMENT DEVELOPMENT

As part of a new manager development strategy, Leadership and Management Development (LMD) has commenced delivery of three team leader development programs for 60 AFP members. The programs, conducted in Canberra, Sydney and Melbourne by a contracted provider, result in a Diploma of Business (Frontline Management).

LMD has also facilitated two SES induction programs for newly appointed managers, and coordinated the delivery of specialised programs to address immediate needs, such as project management, team building and workplace coaching.

LMD coordinated the AFP's involvement in the Australasian Police Professional Standards Council (APPSC), with input to project development to support AFP's partnerships with other policing agencies. The AFP has a lead role in projects to develop consistent national, cross jurisdictional approaches to training in counter-terrorism, surveillance and close personal protection.

SPECIALIST AND INTERNATIONAL TRAINING

INTERNATIONAL TRAINING

The major focus of the International Training Team was on capacity building for transnational crime centres in Indonesia and the Philippines (jointly funded with AusAID) and Pacific Island countries. A new initiative was the delivery of intelligence training at JCLEC in Indonesia. The JCLEC intelligence training activities are a collaborative partnership of the AFP, Austrac and AGD.

Twenty-five training programs were delivered offshore to 520 participants from 15 international law enforcement agencies. Topics included law enforcement intelligence, surveillance, post-blast investigations, DVI and a case management system for the management of criminal cases and intelligence information developed for regional law enforcement partners.

EXTERNAL TRAINING

Ten external training programs were provided for Australian Government partner law enforcement agencies including ATO, Centrelink, DIMIA, Customs, AGD, ACT Corrections, Health Insurance Commission, Therapeutic Goods Administration, Transport Accident Commission, West Australia Police and Global Solutions Limited. The range of programs included Investigation Management, Introduction to Law Enforcement Intelligence, Certificate IV in Government Investigations (Qualifying Customs Investigations Course), Financial Investigations, Surveillance and Evidence Procedures. In total 183 participants received training during the reporting year.

In January 2005, a revised strategy for supporting Customs' National Marine Unit (NMU) in its operational safety training and recertification was implemented. AFP assistance now consists of training the NMU Operational Safety Trainers, the provision of learning materials and quality assurance.

LAW ENFORCEMENT INTELLIGENCE

The provision of criminal intelligence training continues to rise, with 520 participants in 17 courses, covering Intelligence Officer and Intelligence Support Officer training, Human Source Handling and Strategic Intelligence (NSIC). This represents a 56 per cent increase in activity. New programs this year included the Tactical Analyst Program, AFP (ACT Policing) Intelligence-Led Policing and the reintroduction of the Introduction to Law Enforcement Intelligence Program. The School of Law Enforcement Intelligence has also been involved in the development of intelligence doctrine and a career development framework for the AFP Intelligence function.

SURVEILLANCE

Surveillance training continued at a high level, with 22 programs delivered to 200 participants from the AFP and external and overseas agencies. Programs delivered included local, national, advanced, rural and overseas surveillance programs. The School of Surveillance and Technical Support also delivered electronic tracking programs and anti- and counter-surveillance workshops. The school continues to play a significant role in developing Australasian police surveillance standards.

FORENSIC

New initiatives this year included the delivery of Tier 2 training for e-crime investigators, and forensic rapid response and DVI, in addition to new inductions for forensic members. Ongoing forensic training was conducted in areas such as computer forensics, forensic rapid response, DVI, the presentation of

expert evidence, fingerprint enhancement, crime scene investigation and biological criminalistics.

OPERATIONAL SAFETY AND PROTECTION

Operational Safety and Protection provides training services to assist in achieving a wide variety of AFP core activities.

The School of Protection delivered the close personal protection program, the protection skills maintenance program, and developed specific programs for other areas of protection, including ongoing training in driving, firearms and first aid.

The School of Operational Safety and Police Practice is responsible for all operational safety training and recertification for non-uniform AFP members within the ACT geographical area, as well as initial training for new AFP members. Programs delivered by the school in the past 12 months include initial use of force programs for new recruit and lateral members, and operational safety assessments, Glock conversion programs, specialist firearms programs and oleoresin capicum spray programs for existing AFP members. The school has also delivered use of force programs offshore to members of the IDG.

The Area Operational Safety Team was formed in July 2004. This team has L&D operational safety trainers based in all major mainland AFP offices. These trainers are responsible for the coordination and delivery of operational safety assessments and specialist use of force programs for all AFP members outside of the ACT. The formation of this team means that all full-time operational safety trainers (with the exception of trainers attached to ACT Policing) are L&D staff and provide a nationally consistent approach for operational safety training. IDPT is delivered to all personnel being sent on overseas missions. This includes AFP, Pacific Island country personnel, and interstate police assigned to the IDG. This year has seen the completion of a scenario training facility at the Wanggirrali Ngurrumbai Centre. IDPT participants undertake the majority of their training there.

MANAGEMENT OF SERIOUS CRIME

Management of Serious Crime (MOSC) conducted three domestic programs this year. The themes of the programs were: Terrorism—Collaborative Investigative Management, Managing Intelligence into Evidence, and Critical Incident Management. In addition, two International MOSC programs were conducted in Indonesia at JCLEC. The themes were: Terrorism—Regional Threat, United Response and Critical Incident Management—Regional Approach to Management and Investigations.

This year, MOSC developed a Major Investigation Management Workshop (MIMW) which was



The School of Community Policing designed and introduced the Homicide Investigations Program to accommodate the training needs for ACT Policing and the emerging need for the AFP to investigate homicides in its national and international roles.

delivered at JCLEC with a terrorism focus and in Canberra with an online child exploitation focus.

A total of 76 international participants from 22 countries attended MOSC training. Twenty-one AFP members attended MOSC, IMOSC and MIMW programs.

POLICING PRACTICE AND INDUCTION

RECRUIT TRAINING SCHOOL

The focus of recruit training this year was directed to providing recruits and national members transferring to ACT Policing with the necessary skills to carry out community policing in the ACT. During the 2004–05 financial year the Recruit Training School coordinated two recruit programs, two lateral entrant programs, five ACT conversion programs, one criminal code program, one overseas officers program and six AFP induction programs.

As a Registered Training Organisation the AFP awards the Diploma of Public Safety (Policing) to those participants who successfully complete the AFP recruit training and probation process.

SCHOOL OF INFORMATION TECHNOLOGY

The new School of Information Technology is being formed within Policing Practice and Induction. The school provides instruction across the suite of AFP IT systems. This year, 160 members attended introduction to PROMIS courses and additional IT training was provided to Intelligence, lateral and recruit courses. A five-day course was also developed and delivered to the newly established ACT Policing Assistance Centre.

SCHOOL OF COMMUNITY POLICING

As well as continuing delivery of the Investigators Development Program and the Sexual Offenders Investigation Program, the school designed and introduced the Homicide Investigations Program (HIP). The HIP incorporates not only domestic murder investigations, but also the expansive national and international role now occupied by the AFP. Along with ACT Policing investigators, 10 members from national areas (including the IDG) completed the two-week intensive program.

PROTECTIVE SERVICE

The Protective Service National Training Centre (NTC) now falls under the AFP College, which forms a single Registered Training Organisation for the AFP.

AFR training is now standard for all PS recruit courses. A number of AFR programs will be conducted to further train existing members as part of the recent Protective Service Officer Certified Agreement commitment.

Responsibility for the Air Security Officer training has now transferred to the National Training Centre.

BUSINESS AND ACADEMIC MANAGEMENT

The Business and Academic Management area provides support to learning and development activities, training facilities and accommodation to AFP and other Commonwealth and partnership agencies utilising the AFP College.

Program development has continued to focus on ensuring that the appropriate blend of learning strategies are adopted to meet client needs, emerging crime types and workplace requirements. As part of this blend there has been continued strong use of Australian Federal Police Online Learning (AF POLL) with a range of programs utilising the online learning system to deliver training nationally and internationally. Increasingly, programs contain a blend of online modules and face-to-face training.

HEALTH AND SAFETY SERVICES

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

- Medical Services
- Employee Assistance & Psychological Services
- Occupational Health and Safety (OH&S)
- Rehabilitation
- Confidant Network (CN).

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 personnel 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 service. These include operational deployment overseas, assessments of fitness for operational duty and advice on medical preparedness for IDG operations.

The service continued to review the medical status of AFP employees likely to be involved in short- and long-term overseas operations.

A Program Manager, Health and Fitness, was appointed to support the Principal Medical Officer. The manager is also responsible for introducing a health-risk monitoring program and health promotion and education activities.

The Program Manager has conducted a review of AFP gymnasiums and overseen the introduction of new equipment to support the AFP health and fitness program. A series of physical capacity assessments have been carried out to more effectively assess personnel engaged in IDG overseas operations.

EMPLOYEE ASSISTANCE AND PSYCHOLOGICAL SERVICES

Employee Assistance and Psychological Services (EA&PS) provides an in-house consultancy and service delivery to all areas of the AFP on matters related to psychology and mental health. EA&PS also coordinates an external Employee Assistance Program and Welfare Network. These services are delivered to all operational areas and to members and their families.

Major operational activities during 2004–05 included:

- psychological assessment and suitability for overseas deployment (counter-terrorism, International Network, and IDG)
- psychological assessment and suitability for deployment within specialist teams including those who investigate human exploitation (Electronic Evidence, Online Child Sex Exploitation Team, and Transnational Sexual Exploitation and Trafficking Team), Police Technical Team, Protection, Surveillance, and

ongoing support of staff attached to such teams

- psychological wellness and wellbeing through the promotion and services provided within EA&PS, the Employee Assistance Program, the Welfare Network and the increasing support offered through the Family Liaison Support Officer Network
- pre-deployment briefings and post deployment debriefs for members and families for those deployed within the border and International Network, counter-terrorism and the IDG, including ongoing support to members and families while deployed
- enhancement of expert psychological opinion and advice to operational teams including ACT Policing, Human Source Management, Police Negotiation Team, Professional Standards, and Protection.

During 2004–05, training in behavioural sciences was provided to courses including ACT Policing, Border and International, Confidant Network, Counter-Terrorism, Forensic Services, Intelligence, IDG, Professional Standards, Protection, staff member induction, Surveillance and the Welfare Network.

The external National Employee Assistance Program is utilised by approximately eight per cent of employees. This is consistent with the rate for the past three years. Work-related issues included vocational concerns, interpersonal relationships and occupational health. Personal issues included family or relationship concerns, and psychological issues such as anxiety and depression.

The Welfare Network consists of on-site external providers to assist employees in the management of a range of professional and personal issues. The network provides prevention and early intervention services to enhance overall wellbeing for staff and family members. The annual utilisation rate for the Welfare Network was approximately 23 per cent with problems relating to organisational issues, interpersonal difficulties and workplace health. Personal concerns related to relationships, family and individual issues. The utilisation rate has increased during the past year. However, much of the increased workload relates to supporting an increasing number of members and family members while the member is overseas with the IDG, forensics and counter-terrorism.

OCCUPATIONAL HEALTH AND SAFETY

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

The Occupational Health and Safety Agreement between the AFP and the Australian Federal Police Association (AFPA) was finalised after being reviewed and updated to align it with the current AFP structure. This includes changes to the Designated Work Group. An AFP Occupational Health and Safety (OH&S) Strategy Framework, including a business plan and an action plan, was developed and endorsed by the National Health and Safety Committee.

During the reporting period, 198 Occupational Health and Safety training courses were facilitated across AFP, covering such topics as:

- OH&S induction training to recruits, lateral transfers and non-sworn members
- OH&S for locally-engaged overseas staff
- local OH&S familiarisation
- mail security and hazards
- workplace ergonomics
- tailored OH&S courses for various specialist areas
- OH&S risk management and workplace incident investigation
- OH&S roles and responsibilities for managers, PS officers and for those attending the leadership program
- radiation safety training for ACT Bomb Response Team and PS bomb appraisal officers
- first aid
- emergency management and control.

The focus of AFP risk mitigation strategies during the reporting period included control measures associated with asbestos, confined spaces and radiation.

Significant outcomes of the concerted effort applied to injury prevention and management include:

- a saving of about \$3.9 million in the workers compensation premium for financial year 2005–06
- a reduction in the number of incidents notified to Comcare Australia under section 68 of the OH&S Act—during the reporting year, the AFP notified Comcare of 25 incidents in comparison to the 84 notified in 2003–04.

The Australian Radiation Protection and Nuclear Safety Agency conducted two inspections. Some opportunities for improvement were identified and the AFP has taken action to address these issues.

There were 21 internally generated investigations on incidents and uniform items conducted within the PS.

During the reporting period, the AFP was issued with two provisional improvement notices. Each related to the matter of name tags worn by the PS officers. Comcare conducted an investigation and varied the provisional improvement notices. A risk assessment was subsequently conducted by the AFP which satisfied Comcare's recommendation.

There were two reactive investigations conducted by Comcare. In both cases, action plans were developed to address their recommendations.

During 2004–05, selected areas throughout the AFP were subjected to an audit by Comcare Australia, as part of their planned investigation program. The initial feed back from Comcare was positive and AFP is awaiting the report.

THE CONFIDANT NETWORK

The Confidant Network is designed to provide support and assistance to AFP employees with their obligation to report criminal matters, inappropriate behaviour and breaches of the AFP core values. The Network's role is to embrace and foster a culture that has no tolerance of corruption, unethical or inappropriate behaviour.

Confidants are AFP employees of all ranks and levels (sworn and unsworn) who are trained and are available to support other AFP employees in fulfilling their obligation to report criminal or inappropriate behaviour. The confidant acts as a conduit for information between the reporting member and the organisation. The role also provides support for those who may be the subject of a professional standards or managerial inquiry.

Confidants receive regular training to ensure they perform the role in accordance with AFP guidelines and with respect for the principles of confidentiality and procedural fairness, for all parties concerned. There are approximately 260 confidants throughout the organisation.

The efforts of the confidants are supported by the Confidant Network Coordination Team (CNCT). The CNCT provides advice, support and options for the confidants and their clients, records all confidant matters, liaises with key stakeholders involved in the resolution of issues and is responsible for the marketing of the network. While the CNCT will not hesitate to refer serious issues to the Professional Standards portfolio, other strategies for resolution of issues are considered. Regardless of the nature of the referral, efforts are always made to coordinate support as requested by the client and confidant. Matters reported to the Confidant Network may be referred to more than one area. The support of line managers and team leaders is vital in accordance with the AFP principles of resolving issues in the simplest and most effective manner.

STATISTICS

In 2004–05 the network received 138 referrals. This figure can be broken down into the following categories:

- criminal/corruption matters (7 per cent)
- inappropriate behaviour (12 per cent)
- bullying behaviour (15 per cent)
- sexual harassment (5 per cent)
- workplace conflict (12 per cent)
- workplace harassment (4 per cent)
- failure to comply with IT policy (1 per cent)
- disagreement with policy/management (13 per cent)
- breach of AFP security guidelines (1 per cent)
- support/advice (30 per cent).

There were 113 referrals received in 2003–04. The 2004–05 increase can be contributed to the growth of the organisation, an increased understanding of the issues employees are obliged to report and awareness of the availability of the Confidant Network.

Of the matters reported, 68 per cent have been completed. The other 32 per cent remain current, either still under investigation or the client requires ongoing support in the workplace. Of the total 138 referrals, 50 per cent were referred to management, 30 per cent to PRS for investigation, 15 per cent for information only or resolved with the assistance of the Confidant Network and 22 per cent were resolved via other means such as referral to welfare services.

Chart 6 – Confidant Network Referrals 2004–05

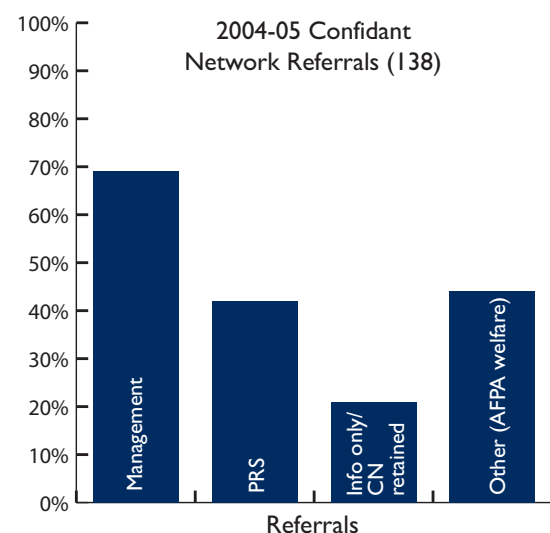


Table J – Confidant Network statistics

138 matters were received by the Confidant Network	
Criminal/corrupt behaviour	7 per cent
Inappropriate behaviour	12 per cent
Bullying behaviour	15 per cent
Sexual harassment	5 per cent
Workplace conflict	12 per cent
Workplace harassment	4 per cent

ACHIEVEMENTS

The CNCT constantly reviews its processes and procedures to ensure the integrity of the network is maintained. Input and advice was received from key stakeholders, including the AFPA, who assisted in a review of the network. This has led to the drafting of new national guidelines that address the issues highlighted during the review as well as feedback from AFP employees.

The CNCT, in conjunction with Marketing and Communications, is developing a long-term marketing strategy for the network to ensure all AFP employees are familiar with the role and availability of confidants in the workplace. This began with focus groups from a variety of AFP workplaces. The information gleaned from this process is integral in formulating future marketing directions.

PROFESSIONAL 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.

Trust

We rely and depend on each other.

To perform effectively, the AFP must maintain the confidence of the Australian Government and the community in 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. The AFP Professional Standards portfolio supports the development and maintenance of these values in the AFP and the professionalism of AFP employees. This is achieved by working in partnership with all other areas of the AFP, focusing on the performance of individuals, teams and business units. The objective of the Professional Standards portfolio is to work together to protect the integrity and security of the AFP and its people.

Professional Standards has a proactive approach to risk management of corrupt and unethical behaviour. The portfolio incorporates a strategic intelligence capability for early identification of trends and a marketing team to improve awareness and understanding throughout the organisation of potential issues and required preventative or remedial actions. The marketing team has conducted integrity investigation programs for Professional Standards practitioners from the AFP and other agencies (including the Commonwealth Ombudsman), and contributed to training of PS employees and management throughout Australia following the integration of the APS with the AFP.

Professional Standards investigates and manages complaints about individuals in the AFP or about the organisation itself, as well as managing the AFP's integrity programs. The Commonwealth Ombudsman oversees the handling of complaints by Professional Standards, can directly receive complaints about the AFP, and reports independently to Parliament. Members of the community can make complaints either in writing, by telephone or in person.

Client service issues of a relatively minor nature constitute a significant portion of complaints. These are increasingly resolved through conciliation with the complainant under provisions of the *Complaints (Australian Federal Police) Act 1979*. In some cases issues are resolved by line managers.

Professional Standards has continued to address the recommendations of the 2003 *Review of the Professional Standards of the AFP* by the Hon. William Fisher AO QC, which can be implemented within

the current legislative framework. An evaluation team has been created to improve timeliness and effectiveness in assessment of matters referred to Professional Standards and their referral to investigations or other teams. Managerial actions are increasingly being utilised to address minor management matters. In addition an online complaint handling and management package is being developed.

The introduction of written conciliations for some minor matters has proven effective in improving timeliness of responses to complainants. This has increased the number of complaints that are able to be successfully conciliated and has allowed a greater application of resources to more complex or serious matters.

Information on complaints and allegations received, resulting investigation outcomes, and the Prohibited Drug Testing Program are shown in Tables 4-9 of the Appendixes.

During the reporting year, professional standards or misconduct issues resulted in seven terminations of employment pursuant to section 28 of the Australian Federal Police Act. None of these resulted in the Commissioner making a section 40K, serious misconduct declaration; a decision which precludes action before the Australian Industrial Relations Commission (AIRC).

No discipline matters were referred to the Australian Federal Police Disciplinary Tribunal, and no matters were referred by the Tribunal to the Commissioner.

The integration of the APS with the AFP increased recruitment and secondment of other law enforcement agency staff to AFP. This included for initiatives in counter-terrorism activities and the commencement of the IDG mission to PNG. These and the heightened security environment have contributed to increases in the number of personnel requiring security vetting for granting of security clearances. The number of security clearances processed is set out in Table 10 of the Appendixes.

DRUG TESTING

The AFP has a policy of zero tolerance to prohibited drugs and conducts testing activities as part of its Drug Free Work Force Program. These are:

- mandatory applicant testing
- mandatory targeted testing
- mandatory investigation testing
- mandatory certain incident testing
- mandatory contractor testing.

Each program focuses on detecting the presence of prohibited drugs, specifically narcotic substances under the Customs Act, Schedule IV.

During 2004–05, two applicants for unsworn positions, two contractors and seven employees tested positive for drug use. All other tests returned negative results.

Drug Testing statistics can be found in Appendix Table 9.

LEGAL

AFP Legal is comprised of professional legal and paralegal staff whose task is to provide legal advice and assistance across all functions of the AFP. Legal is structured along functional lines, including dedicated lawyers in the areas of operations and information law, employment and litigation law, commercial law and matters arising in connection with the International Deployment Group.

In 2004–05 AFP Legal provided advice on over 1500 matters with just over 6 per cent of these being referred to external legal service providers. Demand was most noticeably generated by operational activities, enabling support functions and the IDG.

In 2004–05 the first deployments took place of AFP legal officers as part of the Enhanced Cooperation Program in Papua New Guinea and the Regional Assistance Mission to Solomon Islands. These officers provided legal assistance to police commanders in operational, administrative, disciplinary, leasing and civil law areas.

The AFP legal officers sent overseas were well supported by the head Legal office of the AFP. Assistance and advice was provided in several areas including:

- international legal arrangements underpinning the overseas deployments
- international commercial agreements
- the refinement of governance arrangements to facilitate the deployment of police from other jurisdictions
- provision of training to officers being deployed internationally and advice on personnel issues arising from deployments.

As an outcome of the new policy initiative called Fighting Terrorism at its Source, a position has been created in Legal to provide advice to counter-terrorism management. The position is the central contact point in Legal for all counter-terrorism related issues and is able to draw upon the specialist skills and resources within the existing AFP Legal structure.

Demand remained high for legal services across all areas of AFP operational and enabling support activities. Advice was provided on:

- operational activities undertaken by the AFP
- commercial, contracting and tendering activities
- draft and existing legislation relevant to the AFP
- information release issues
- employment, administration, governance and policy issues
- managing claims and litigation against the AFP.

In response to the additional demands this year, particularly in respect of the expanded IDG activities, Legal benefitted from the secondment of practitioners from the AGD and Department of Defence.

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 PS. The financial statements consolidate AFP and PS business areas. A key feature included a surplus of \$24.3 million. Table 1 in the Appendixes summarises the AFP's financial result.

The Chief Finance Officer's area provides corporate support services to the AFP, including financial and asset management, budgeting and reporting, accounts processing, payroll management and services, cash management, treasury, taxation compliance and external statutory reporting. The group has consolidated initiatives previously introduced to improve financial management and accountability. There has been further integration across corporate areas of the PS business function within the AFP (including co-location where appropriate) and the CFO's portfolio is continually seeking to improve the service by attracting staff with the right skills.

Other significant contributions included:

- refining the finance and commercial functions across the AFP, in line with the introduction of a functional approach to business delivery
- co-locating the budgets, financial management and assets areas of the AFP and the PS, representing a substantial step in integration and facilitating a better understanding of each area's requirements and processes
- providing continuing finance and business support to the IDG, including significant cost analysis, ongoing budget management, financial

monitoring and reporting, and consideration of taxation implications

- making ongoing business process improvements and focusing on leveraging the technology available in corporate systems to improve business outcomes including the delivery of web-based employee self services.

ASSETS MANAGEMENT

The AFP is continuing to review a range of asset issues across the organisation. Over the past 12 months a key area of focus has been improving the stocktake process with an improved result achieved from the 2004–05 stocktake. Other areas under review and development include documentation of a range of policies that have been managed informally in the past and an asset team has been formed to specifically focus on improved practices.

The AFP has continued with a scoping project to review bar coding and radio frequency identification (RFID) technologies and their possible application across a range of business areas. These areas include assets, property exhibits, forensic, evidence collection, and records management. The project has delivered a framework for use of this technology across the AFP including identification of standards, business benefits and costs. A pilot is currently being undertaken of this technology.

The new CPG, effective from 1 January 2005, requires a change in the way in which procurement processes are conducted in the AFP, including, but not limited to:

- the requirement to conduct open tender processes for procurement activities of more than \$80 000 (other than procurement of construction services)
- all open approaches to the market to be published on AusTender
- publishing AFP's annual procurement plans on AusTender by 1 July each year.

COMMERCIAL SUPPORT

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

PROPERTY AND FACILITIES MANAGEMENT

Over the next three to five years, the AFP is working towards consolidating its premises in the ACT from 10 dispersed sites into two or three principal sites. As a first stage of that consolidation the AFP has agreed to lease Anzac Park West (APW) as its headquarters site. A joint AFP and Department of Finance and Administration Executive Steering Committee has been established to oversee the APW project. The Australian Crime Commission will also be accommodated in the new headquarters. The fit out cost for APW will be internally funded from ongoing base appropriations.

As part of the consolidation process, the AFP has commenced a development strategy to accommodate specialist support functions at its Majura site over the next five years. The Majura site, known as the Wanggirrali Ngurrumbai Centre (WNC), currently comprises an administration building, a dog training facility, and a scenario training complex which was designed to replicate conditions found in developing nations, and officially opened by the Prime Minister on 23 June 2005.

On 29 March 2005, construction began on the first stage of a new indoor firing range at WNC to replace the facility lost during the January 2003 Canberra bushfires. Arrangements are also underway to extend the dog training facilities to integrate ACT Policing and PS Explosive Detector Canine functions. Extensive consultation with Commonwealth and ACT agencies over the consolidation process continues.

Progress has been made on the AFP–Canberra Institute of Technology Memorandum of Understanding whereby the strategic partnership has been strengthened and a number of joint projects completed. Further opportunities for students are being examined to coincide with development of the WNC.

A master plan for the development of facilities at WNC and attendant capital management strategy are nearing completion. The Public Works Committee has been advised of the intention to develop the WNC.

In February 2005, the AFP commissioned a spatial analysis of its Weston Complex in Canberra. The outcomes of the analysis provided options in relation to best use of existing floor space so that future growth can be accommodated.

The AFP entered into a number of new leases to accommodate the Aviation Security Officer program and completed a number of refurbishments of AFP offices in Sydney, Melbourne Airport and sites in Canberra.

CRIMINAL RECORDS UNIT

The Criminal Records Unit is responsible for recording court outcomes and their disclosure for both law enforcement and non-law enforcement purposes. These court outcomes are contributed by Commonwealth law enforcement agencies, regulatory bodies and the ACT court system as a consequence of AFP's policing role in the Australian Capital Territory.

Access to this information by Australian law enforcement agencies for authorised purposes throughout the Commonwealth of Australia is undertaken in conformity with the duties and functions of the AFP. To enhance public safety, Criminal Records also makes this information available for non-law enforcement purposes to a wide range of agencies, corporations and individuals, but only with the knowledge and consent of the individual to whom the information relates. This information enhances decision making for a variety of purposes including security and employment vetting.

Screening of personnel in the current heightened security environment remains a key focal point for both the community and government. There has been an increase in the number of criminal history checks undertaken, from approximately 320 000 in 2003–04 to approximately 350 000 in 2004–05.

In August 2004, Phase 1 of the Criminal Record Enquiry and Disclosure Service (CREADS) system was implemented providing enhanced capacity and service delivery for criminal history checking through business improvement and process automation. Phase 2, to be implemented in 2006, will enhance reporting capabilities and workflow management, aimed at handling a larger volume of checks and to reduce turnaround times for checks undertaken.

Criminal Records continues to work collaboratively with partners and stakeholders in supporting the law enforcement community and the Government's commitment to enhanced safety and security.

PROCUREMENT AND CONTRACTS

The Commissioner's Financial Instructions and the AFP's National Guideline on Procurement, Commercialisation and Contracting and associated practical guides ensure AFP procurement processes comply with the new Commonwealth Procurement Guidelines (CPG), in particular ensuring that the core principle of value for money is observed.

The new CPG, effective from 1 January 2005, requires a change in the way in which procurement

processes are conducted in the AFP, including, but not limited to:

- the requirement to conduct open tender processes for procurement activities of more than \$80 000 (other than procurement of construction services)
- all open approaches to the market to be published on AusTender
- publishing AFP's annual procurement plans on AusTender by 1 July each year.

INFORMATION SERVICES

Over the reporting period, the Information Services (IS) portfolio supported all areas of the AFP's operations including its growing international presence, its interface with other agencies, and its corporate activities.

The AFP has derived significant operational benefits from IS services that are generally acknowledged to have placed it well. IS achievements include:

- a complex and sophisticated national and international communications network
- PROMIS, a unique case management system and strategic asset that is regularly upgraded to incorporate new functionality and technology
- effectively supporting operational deployments offshore
- supporting capacity-building offshore by deployment of CMIS in the Pacific and South-East Asia.

The IS contribution in these areas has been significant to the AFP's role in responding to emerging issues, its links to other agencies and its move into regional assistance.

IS has been structured to meet the immediate needs of AFP business areas, and within its resourcing capability, has been able to assess and respond to emerging requirements. IS currently comprises the Office of the Chief Information Officer (CIO), Information Technology (IT) and Information Management (IM).

OFFICE OF THE CIO

The Office of the CIO manages IS strategic direction and the IS relationship with the business areas. The Office of the CIO fosters emerging elements of the portfolio that relate to IT and IM as well as delivering to AFP business areas.

A significant development within the Office of the CIO has been to establish an Architecture Office to define and institutionalise a consistent architectural approach to information structures and supporting

AFP systems. The AFP's information resources and technology form a complex environment. The Architecture Office will describe this environment, including its relationship with the business, and create standards to guide future design and investment decisions. The goal is the provision of an Enterprise Architecture for the AFP, ensuring that information technology solutions meet staffing and operational needs. This approach will align the AFP with IS delivery in other Australian Government agencies.

INFORMATION TECHNOLOGY

Information Technology (IT) continued to deliver an extensive range of applications, data communication and telephony services in AFP operational and administrative units in Australia and overseas. This support has positioned the AFP to combat criminal activity in an increasingly high-tech environment. IT also provided services to a range of external clients and law enforcement agencies including Crimtrac, the ACC, the Northern Territory Police and Interpol.

APPLICATIONS GROUP

Applications Group delivered significant improvements to PROMIS throughout the year through:

- Operation Cawdor which saw the release of ante-mortem and post-mortem data handling functionality within PROMIS to support the AFP's role following the Indian Ocean tsunami
- Project Walsingham which provides new modules in PROMIS to enhance the ability of intelligence practitioners to organise, filter and identify key pieces of information.

Internally, the Application Group worked closely with Human Resources to develop the Personal Information Management System (PIMS) to reduce reliance on HR staff in maintaining personal data relevant to individual employees.

Enterprise application integration provided links between formerly disparate systems both internally and between the AFP and external agencies such as Crimtrac. Automated data exchange is also being developed between the AFP and Customs to automate data transfer relating to Customs PACE alerts. These links will facilitate more effective data exchange between the AFP and partner agencies.

IT SERVICE DELIVERY

IT Service Delivery provides infrastructure support to all AFP locations within Australia and overseas and is necessary to support most of the organisation's activities.

During the reporting period, IT Service Delivery integrated the AFP and PS information technology

support arrangements, including establishment of a single IT Support Centre and standardisation of PSnet infrastructure. This was a significant exercise. Work continues on rolling out AFPNet to PS sites. IT Service Delivery provided AFPNet infrastructure to the PNG mission. This included in-country support.

NETWORK SERVICES

Network Services has brought together data and voice networking specialists to work on converged communications networks and services enabling AFP staff to maintain contact regardless of location. During the reporting period, IP telephony was trialled and will set up the infrastructure needed to provide many voice-enabled applications for end users.

Network Services has also acquired the skills and tools necessary to implement and manage satellite services in remote locations to meet the AFP's growing demands for these services.

IT PROJECTS OFFICE

The IT Projects Office has worked with other areas of IT to support the IDG, place AFPNet services in State Police Jurisdictional Police Operations Centres (POC), plan and provide IT support for the AFP's Commonwealth Games effort through delivery of AFPNet to Victoria Police sites and assess the viability of in-car computing.

The Projects Office has continued to coordinate infrastructure support to RAMSI and support the RAMSINet expansion into the town of Rove. This has included delivery of full IT infrastructure, satellite communications to support AFPNet voice and data connectivity, video conferencing and PABX services. A full AFPNet satellite communications system has been commissioned for IDG in Nauru.

Provision of AFPNet services into state jurisdictional POCs in Darwin, Brisbane, Perth, Adelaide, Melbourne, Hobart and Sydney have involved delivery of full desktop and voice services. All sites will be operational by September 2005.

DATA HOSTING SERVICES

Data Hosting Services supported all other areas of IS, ensured that the major AFP business-critical systems, including PROMIS, Computer Aided Dispatch (CAD), SAP, Criminal Records Enquiry and Disclosure System (CREADS), Executive Information System and the Hub were supported effectively and experienced minimal unscheduled downtime. CREADS was released into production during the reporting period and the CAD system, critical to ACT Policing operations, was upgraded. Disaster recovery options for a number of systems were improved.

INFORMATION MANAGEMENT

Information Management focused on strengthening AFP's information capability to better manage and use information to improve its performance.

In consultation with all functional areas, an information-based strategy scoping study was conducted that identified opportunities to improve the use of information. A follow-up consultancy tasked to establish an information based strategy for the AFP is being initiated.

IM also developed and deployed an information improvement service capability to assist operational areas including Intelligence, ACT Policing and Counter-Terrorism with their business processes, information and communication planning activities.

INFORMATION POLICY

A new information policy framework was developed to support the AFP Functional Model, and to include the assimilation of Australian Protective Service. A common language scoping study has been initiated that will identify the necessary information standards required to enhance the accessibility and usability of information across the AFP.

The first phase of an Electronic Document and Records System (EDRMS) project was completed during the year. This included an information audit, development of an EDRMS strategy, and the issue and assessment of a request for proposal to raise awareness within the AFP. The second phase is in progress, which includes the issue and evaluation of the request for tender that is nearing completion. The implementation of an EDRMS will enable better management of documents and records, and will also allow enhanced collaboration for AFP staff across project teams.

A learning and awareness program aimed at raising AFP staff awareness and skills to better manage and use information was developed. IM presented sessions in the Intelligence Officers Development Course as a first of a series of sessions to include information management as an integral topic in all AFP educational courses.

BUSINESS INFORMATION

A reporting strategy was developed to improve data quality across the management, operational and corporate information reporting streams. Aspects of the strategy implemented this year include the amalgamation and location of reporting services within IM. This has enabled the implementation of streamlined processes and standardised reporting, and the circulation of a consultative draft guideline on reporting practices to business areas.

WEBSITE MANAGEMENT

The migration of content from regionally-based intranets to the AFPHub was completed during the year. An AFPHub mirror service was also established to provide access to content by PS members.

Website enhancements were made to the corporate Internet site to meet operational needs of the IDG, and the AHTCC site to meet online crime reporting needs.

A review of AFP websites was also conducted and this included the development of an approved business case to integrate the information management across sites. As a first step, IM acquired enhanced capability to monitor and analyse current site usage. The AFPHub generates about 600 000 page downloads per month. Monthly visits to the corporate Internet site reached 100 000 by the end of 2004–05. While the National Missing Persons site generates about 60 000 visits each month. All Internet sites generate significant number of visits from outside Australia. As a second step in the integration and redevelopment of sites, consultation with key stakeholders has started.

GOVERNANCE INSTRUMENT FRAMEWORK

IM acquired the responsibility for managing the Governance Instrument Framework this year. IM activities included: the preparation of a strategic overview; revised guidelines and templates to assist users developing instruments; the delivery of a training package designed to raise awareness and understanding; and a review of existing database capabilities against future needs.

IM also assisted with the preparation and publishing of 95 governance instruments, totalling more than 500 policies, orders, guidelines, and legal instruments.

LIBRARY

The Library focused on delivering information services targeted to the needs of the AFP. New services established include an email current awareness service based on client subject profiles to provide timely access to information by members in Australia and at overseas missions; and an open source information service for Intelligence to support the collection and management of published information.

The continuing production of the *Australian Federal Police Digest* provides a valuable service to both the AFP and the wider law enforcement community through the indexing of national and international journals. The database dates back to 1980 and has over 30 000 records. It is published through Informit Online and is available by subscription on the Internet.

The library coordinator travelled to Semarang in Indonesia to provide advice on establishing a library service for JCLEC.

FORENSIC AND TECHNICAL

The 2004–05 financial year was the first full year in which the new functional model applied to the AFP's science and technology stream. Forensic and Technical comprises Forensic Operations, Technical Operations, the Australian Bomb Data Centre (ABDC) and an Operations Support Group. Sadly this reporting year was marked by the Indian Ocean tsunami which left many countries devastated and resulted in large-scale loss of life. The forensic group has contributed significantly, and continues to do so, to the identification of victims of the tsunami in Thailand. This has involved not only AFP staff but members of state and territory police, forensic scientists, dentists and pathologists. Senior members of the AFP have shared the role of joint Chief of Staff with significant responsibility to coordinate a large scale international response to this disaster.

Forensic and Technical have also made significant contributions to the broader AFP goals in Asia and the Pacific in providing operational support, training and capacity building. Significant progress has been made in further developing science and technology capabilities, especially for field deployment. Specifically these were used to considerable effect in the bombing of the Australian Embassy in Jakarta. Much of the work of Forensic and Technical is not carried out in the full glare of the media and the public but takes place quietly and professionally supporting all operational areas of the AFP and other agencies. Significant investments have been made in ongoing research, development and implementation with many outstanding examples of enhanced science and technology tools contributing to intelligence and operational outcomes.

FORENSIC OPERATIONS

This year was marked by three factors. The AFP response to the Indian Ocean tsunami impacted very heavily on Forensic Services Operations with a large-scale response provided to assist in identifying the extraordinary number of people that lost their lives. Resources were drawn from across the entire portfolio. A number of new policy initiatives in offshore counter-terrorism and other investigations have delivered more resources for Forensic Operations and consequent recruitment to many new roles. Finally, the rapid development and pervasiveness of technology through the community, both available to consumers and therefore to people committing crimes, but also available to law enforcement continues to have a profound and

rapidly evolving effect on the way we conduct forensic examinations.

FIELD SERVICES

Forensic Operations continue to service AFP investigations internationally, nationally and in the ACT through the application of appropriate and high quality forensic disciplines. Internationally, for example, staff deployed in aid of DVI operations in Thailand; to a large drug seizure in Vanuatu; to the Australian Embassy bombing in Jakarta; and with the IDG to Solomon Islands, Papua New Guinea and Timor-Leste. Nationally, we support the functional steams of the AFP, in particular, in border protection and with economic and special operations.

In the ACT, Forensic Services also provides forensic support for the ACT Policing investigations into a wide range of crimes.

TECHNOLOGY

New I-SITE Laser Imaging Technology was acquired during this period. It is being introduced to assist with capturing large crime scenes and allows computer modelling and three dimensional reconstruction of crime scenes.

LABORATORY SERVICES

Forensic Services continued to provide support to ACT Policing and the national teams this year. Increasing resources were committed to international operations, both offshore and in the laboratory, including a significant number of post-blast investigations in the Philippines and Indonesia, and serious incidents on Norfolk Island, Vanuatu, Solomon Islands and Thailand. Forensic Services have also undertaken a number of capacity-building projects for a number of these countries. The teams continued to provide forensic support and training to external organisations.

The evaluation, validation and implementation of new instrumentation and technology continued this year, significantly increasing the capacity of Forensic Services, both in the laboratory and the field. New and ongoing research was undertaken over the year, ensuring that Forensic Services continue to operate at the forefront of their field. Significant developments were made in the field of identity crime, seeing the implementation of an AFP developed Document Intelligence Database and the significant involvement in a number of Commonwealth working groups.

The importance of national and international databases and the need for continued support for their development and implementation was demonstrated by the first Commonwealth to Commonwealth DNA Match which was obtained on the National Criminal Investigation DNA

Database (NCIDD). The match was between a crime scene sample from a drug operation in Brisbane and a crime scene sample relating to a Sydney drug operation.

ELECTRONIC EVIDENCE

Following on from Government commitments in 2004, the injection of resources to the Electronic Evidence portfolio has enabled the recruitment of additional capacity for the Computer Forensic Team to provide support to the Online Child Sex Exploitation Team (OCSET), Offshore Counter-Terrorism Response and, together with new facial identification capability for the Forensic Imaging Section, under the Fighting Terrorism at its Source initiative.

Some new capabilities were developed and implemented this year. These included photogrammetry, the measurement of objects in images that have been taken in uncontrolled conditions, such as by proprietary security video systems that typically use poor quality lenses. The mathematics and consequent calculations involved are very complex, but excellent results have been obtained. The role of forensic artist has been developed requiring the application of artist skills and technology to facial identification. Panascan technology, a panoramic imaging system, has been deployed to record crime scenes.

FORENSIC OPERATIONS SUPPORT

RESEARCH AND DEVELOPMENT

Forensic Services continues to maintain a strong research and development focus that has concentrated on priority areas including field-portable equipment, explosive residue analysis, DNA profiling, electronic evidence, illicit drug profiling, trace evidence, and latent fingerprint detection. Research projects have been undertaken across all of these areas in collaboration with a number of industry and academic partners.

Forensic Services played a lead role in the management of a pilot research project sponsored by the National Institute of Forensic Science and funded by the Department of Education, Science and Training. This project, to investigate the pre- and post-blast detection of explosives and explosive residues, was undertaken in collaboration with the NSW Police, the Victoria Police Forensic Services Department, Forensic Science South Australia, Deakin University, the University of Tasmania, and the University of Technology Sydney.

INFORMATION MANAGEMENT

A project has begun to develop a laboratory information management system that will provide Forensic Services with a state-of-the-art case management and exhibit handling capability to enhance both productivity and accountability across all disciplines. The project is scheduled to be completed in 2007.

QUALITY ASSURANCE

Forensic Services continues to comply with international accreditation standards (ISO 17025) to ensure the delivery of quality forensic science support for AFP investigations. Laboratory accreditation with the National Association of Testing Authorities will be reassessed in 2005–06, with expanded coverage to include audio/video enhancement and computer forensics (electronic evidence).

FORENSIC DRUG SUPPORT

The AFP contracts routine drug analysis to the National Measurement Institute 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 is 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 includes cocaine, ATS and heroin profiling.

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 contributes to the National ATS logo collection program managed by Victoria Police. The AFP also contributed to a major international effort to share and exchange forensic drug intelligence.

TECHNICAL OPERATIONS

Technical Operations exists in a world of rapid technology change and works effectively in partnership with the Australian Government and intelligence community. Technical Operations comprises the Police Technical Teams (PTT), Telecommunications Interception Division (TID), Radio and Electronic Support, Engineering, and Capability Development. All are dedicated to delivering quality results in an accountable and dynamic law enforcement environment.

On 15 December the *Surveillance Devices Act 2004* was enacted and provides the mechanism for Technical Operations to further support investigations into

terrorism and other serious crimes. This legislation has seen a significant increase in the number of requests for PTT assistance and related development undertaken by the newly formed Capability Development group.

The legislation consolidates existing Commonwealth surveillance device laws and regulates the use of surveillance devices, product and its communication, publication, storage and destruction. The legislation also regulates the use of surveillance devices under Commonwealth and state law and widens the existing range of offences for which surveillance devices can be used.

POLICE TECHNICAL TEAMS

PTTs are based in five locations around Australia and are responsible for conducting covert technical operations in support of national and international investigations. The functions of the PTTs include covert technical surveillance providing audio, imagery data or tracking product on targets, equipment procurement, training and policy development.

PTT operations successfully involved a whole-of-government approach to response situations and international operations focused in Indonesia, Malaysia, the Solomon Islands and the Philippines.

The PTT also provided advice, training and equipment to the AFP's law enforcement partners overseas through the LECF.

TELECOMMUNICATIONS INTERCEPTION DIVISION

During 2004–05, the Telecommunications Interception Division (TID) continued to provide close operational support to many major and significant AFP investigations, including alleged narcotics offences and suspected acts of terrorism.

TID's support entails processing warrants issued under Part VI of the *Telecommunications (Interception) Act 1979*, exercising the interception authority conferred by such warrants, maintaining a detailed record of warrants and of associated matters, and the destruction of restricted records, when such records are no longer required for a permitted purpose.

TID also handles certain administrative requirements associated with warrants relating to tracking, data surveillance, listening, and optical devices, which were issued to the AFP under the provisions of the *Surveillance Devices Act*.

RADIO AND ELECTRONIC SUPPORT

Technical Operations manages the AFP's mobile radio communications systems, tracking systems and taped record of interview systems throughout Australia and overseas.

With the integration of the Australian Protective Service into the AFP to form the Protective Service, the mobile radio communications systems and equipment used by the PS now falls within the responsibility of Radio and Electronic Support. As a consequence, work has begun to develop a project to upgrade all PS radio systems to be fully compatible with the broader AFP systems, state police service systems and other Australian Government law enforcement agencies.

Support was provided to the IDG regarding the replacement of major radio communications in Port Moresby.

Support was provided to AFP Surveillance Teams through the development and training in the use of tracking systems and general surveillance equipment.

The present generation of equipment and systems used by the AFP to tape record interviews of suspects is about to reach the end of its useful life. A request for proposals has been issued to industry to discover the types of systems available and their indicative costs. During the next year, a request for tender to supply suitable equipment will be issued to ensure the AFP is equipped with record of interview systems that are reliable and use technology that is fully supported by industry standards.

Technical Operations represents the AFP and Australian Government interests in mobile radio communications and record of interviews equipment and systems at various national committees.

The AFP is a full member of the Law Enforcement and Security Radio Spectrum Committee, formed under the auspices of the Australian Police Ministers Council, to ensure mobile radio systems are compatible and interoperable.

ENGINEERING

Engineering liaises with the Australian Government, state law enforcement and security agencies and overseas partners, on engineering standards and contracts for telecommunications interception on behalf of the AFP and Australian law enforcement agencies. Statements of compliance with interception obligations from telecommunications carriers are assessed as part of this.

Engineering has participated in national committees that meet regularly to oversee and regulate telecommunications interception activities. These include:

- chaired the Inter-Agency Technical Group (the Technical Subcommittee of the National Telecommunications Interception Conference)
- the Law Enforcement Advisory Committee

(a broad industry–agency interface covering the whole interaction between agencies and carriers

- the Interception Consultative Committee (the regulatory interface between industry and agencies relating to the interception obligations on carriers, carriage service providers and Internet service providers
- the Special Networks Committee (manages contracts and MOUs between agencies and carriers that arise out of interception Consultative Committee considerations relating to interception capabilities).

New monitoring capabilities for the AFP's Telecommunications Interception Division have been commissioned. Rapid developments in telecommunications (especially the Internet) make this work ongoing.

Assistance is being provided to South-East Asian neighbours for the development of comprehensive national interception capabilities, including the commissioning of new monitoring centre facilities.

CAPABILITY DEVELOPMENT

Capability Development develops new field deployable technical capabilities in support of AFP operations.

During the reporting period Capability Development has:

- provided capability under the Surveillance Devices Act
- developed new surveillance device switching systems
- provided operational assistance overseas
- supported LECP programs and training
- provided technical knowledge to other functional areas of the AFP.

Capability Development liaises with other law enforcement and intelligence agencies which has resulted in the purchase of new technology solutions in the reporting period.

THE AUSTRALIAN BOMB DATA CENTRE

The role of collecting and disseminating information on the illegal use of explosives continued. However this reporting year has seen a significant expansion in the centre's role in the creation of a Counter-Terrorism and Overseas Projects team. This new role deals with projects relating to enhancing the counter-terrorism capability of the AFP's investigative partners in the region. One of the first projects

undertaken by the new team, in partnership with the Philippine National Police, was assisting with the development of a Philippine National Bomb Data Centre. Similar projects are being planned with other counties in the region.

This reporting year also saw the ABDC move to a purpose designed premises within the Weston Police Services Complex. The new premises are designed to facilitate the centre's activities including establishing a dedicated operations monitoring centre with suitable communications links to the centres stakeholder agencies.

The ABDC's traditional intelligence and training roles continued during the period.

The receipt of information from state police jurisdictions regarding explosive incidents in Australia continues, however the scope of the centre's focus has expanded. In particular, incidents in the South-East Asia region are being monitored and this has developed a better understanding of the explosive devices being used in the area. Over the year the centre issued 78 publications, both classified and unclassified.

The ABDC has increased the amount of specialist training provided this year as compared to the same period last year. Over 1000 man-hours, more than 130 days, were dedicated to the research, development and provision of training. During this time, more than 1200 participants were provided with training in various skills, including bomb search, explosives hazards and bomb threat management and suspect mail recognition and safety.

The ABDC continues to strengthen the relationship with the Australian Defence Force. Improved liaison and information exchange arrangements have been implemented with a number of Defence agencies including the Defence Science and Technology Organisation and the Defence Intelligence Organisation.

The ABDC hosted its 13th Annual Conference from 30 November to 2 December 2004, in Canberra. The conference was officially opened by Commissioner Keelty. This year, of the 230 delegates in attendance, 13 countries were represented, including South Africa, Italy, Northern Ireland, Malaysia, Singapore, United Arab Emirates, Canada, United States, United Kingdom, Philippines, Finland, Hong Kong and New Zealand.



The Australian Bomb Data Centre regularly provides explosive awareness training days for a wide range of organisations. Many of these courses involve a demonstration of the power of common explosives.

4

GOVERNANCE & ACCOUNTABILITY



CHAPTER 4

GOVERNANCE AND ACCOUNTABILITY

The AFP has continued the process of reviewing and where necessary revising its corporate governance framework and processes. This has included the continued evolution and consolidation of the AFP functional business model, the operations of the Executive Management Board and its various reporting committees, a refresh of a range of governance policies and instruments and a continued focus on corporate compliance with internal and external legislative and reporting requirements. This is underpinned by an emphasis on AFP core values and ethical conduct.

INTERNAL AUDIT

This report marks five years since Internal Audit was separated administratively from Professional Standards, on 1 July 2000. Prior to this date, and since, Internal Audit reported functionally to the Security and Audit Team (SAT). Internal Audit also provides secretariat services to the SAT and the Australian National Audit Office (ANAO).

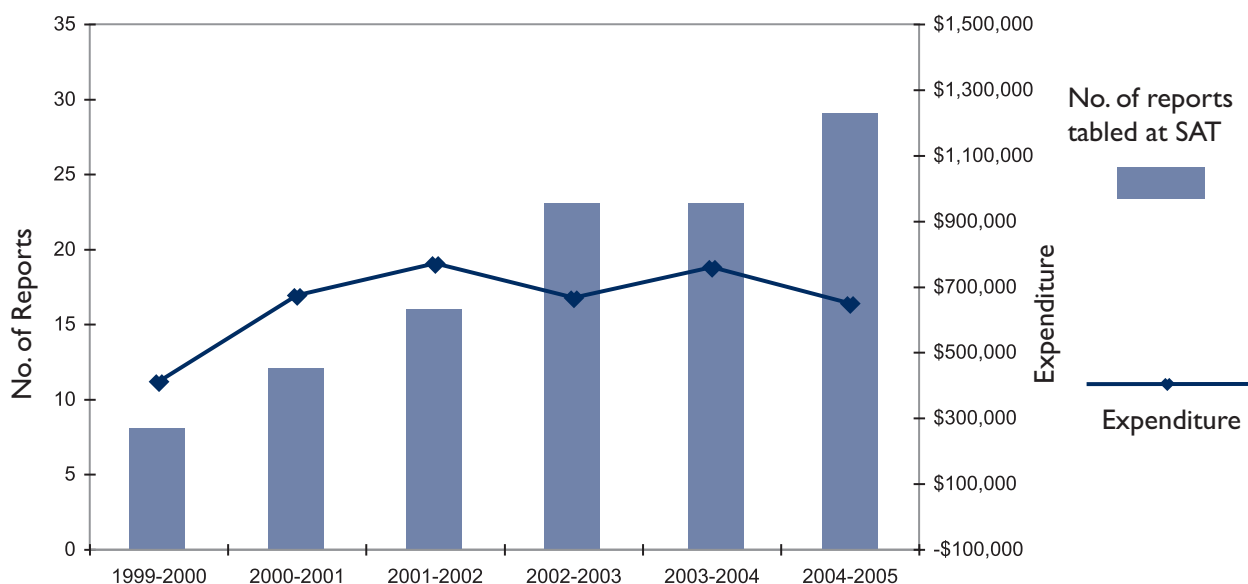
The following graph fairly reflects that the change in administrative arrangements has yielded benefits in a more cost-effective and a more productive Internal Audit function. Internal Audit has reported administratively to the Chief Operating Officer, who is also the Chairman of SAT, since 1 July 2000.

Significant projects completed by Internal Audit can be found in Appendix Table 3. Internal Audit provided SAT with 29 audit reports. Another 12 reports are in train based on audits in progress at the end of the period.

In accordance with best practice, an independent Quality Review of Internal Audit was undertaken by the Institute of Internal Auditors–Australia. The report issued late in the annual reporting period states that overall Internal Audit is operating satisfactorily and in some respects could rightly claim to be demonstrating better practices. In September 2005 SAT will finalise a position on the recommendations made, which also go to the practices of the SAT itself, after taking advice from the Manager Internal Audit and the Chief Operating Officer.

As foreshadowed in last year's report, a second independent member joined the SAT, and during this period, the SAT consciously increased its scrutiny of issues covered by the Commonwealth Protective Security Manual. Last year's report also noted the expiration of the standing deed of offer with a panel of four consultancy firms as at 30 June 2005. A request for tender in regard to a new panel was released to the market on 28 April 2005 and the evaluation of responses is expected to lead to contract negotiations by the end of July 2005.

Chart 7 – Number of Internal Audit Reports tabled and Internal Audit actual expenditure



Significant internal audits conducted included:

- Human Sources—which found that handlers are actively managed to deliver accountable, secure and effective informant handling services
- People Smuggling—which found that the joint AFP–DIMIA People Smuggling Strike Team was functioning in accordance with the expectations of the Australian Government and that the AFP specifically, in respect of its people smuggling outputs, was operating in an effective, efficient and ethical manner
- Accounts Payable—relevant systems in both AFP and PS were found to be free of significant risks.

SAT follows up with line management directly on the implementation of agreed recommendations from previous internal reports. In that regard SAT continues to actively monitor improvements in the systems for handling property and exhibits. The implementation of an audit package within the PROMIS property module in early December 2004 is seen as a key advance and will be the subject of further internal audit coverage in 2005–06.

PROTECTIVE SERVICE QUALITY MANAGEMENT TEAM

The PS Quality Management Team (QMT) conducted 60 quality management system (QMS) audits of PS stations and national headquarters enabling support functions in 2004–05. Included in the program of audits were the PS operations at the Australian High Commissions in Port Moresby and Kuala Lumpur and the Australian Embassy in Jakarta. The PS QMS continued to meet the accreditation requirements of the International Standard AS/NZS ISO 9001:2000.

The PS QMS is independently audited by Lloyds Register Quality Assurance (LRQA). In addition to the QMS audits 12 LRQA site surveillance audits were completed in this period. The LRQA surveillance reports for June 2005 indicated:

“Very significant progress has been made both at Station and National Management level in ensuring compliance to requirements and defining strategic directions and planning for the business.”

INSURANCE AND RISK MANAGEMENT

The AFP has in place a range of strategies to address risk management issues including insurance cover. These strategies aim to provide a systematic approach to identification and mitigation of risks and informed decision making.

Comcover provides a range of insurance services in the areas of:

- public and professional liability
- property loss and business continuity
- motor vehicle
- overseas travel—medical emergencies and personal effects.

The AFP participated in the Comcover benchmarking exercise in April 2004, resulting in a discount of 3 per cent for AFP's insurance premium for 2004–05.

The AFP purchases additional insurance from commercial sources with respect to leased vehicles and the shipment and storage of employees' personal effects in the case of overseas deployments of more than six months.

The AFP has in place business continuity plans for each of its key sites across Australia, and also covers disaster recovery for critical information and communications technology services for the AFP.

The AFP conducts risk assessments for all large procurement activities and assesses risks throughout the life of the contracts. Risk mitigation strategies include:

- detailed risk assessments applied to the tender evaluation stage
- full consultation with legal advisers at all stages of the procurement and contract negotiation phases
- regular meetings with and the provision of reports from the contractors
- annual risk assessments of the large contracts undertaken by the contract managers.

All internal business cases seeking capital funding for projects are required to incorporate a comprehensive risk assessment to evaluate the likely success of the project.

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 Parliament. However, the AFP was an active participant in the following cross-agency audits:

No.10 – The Senate Order for Departmental and Agency Contracts (Calendar Year 2003 Compliance) notes the exclusion of a new AFP contract from the Internet listing. ANAO considered that it was appropriate that this

contract was not listed due to reasons of national security.

No.13 – Superannuation Payments for Independent Contractors working for the Australian Government—AFP was among the agencies surveyed and subsequent Internal Audit activity has since quantified the scope of the liability.

No.21 – Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2004—four category B issues were reported for the AFP and subsequent action has cleared these issues.

No.56 – Interim Phase of the Audit of Financial Statements of General Government Sector Entities for the Year Ending 30 June 2005—three new category B issues were reported against the AFP:

- lack of an Updated Fraud Control Plan
- FMIS User Access Management
- Business Continuity Planning

FRAUD CONTROL AND ANTI-CORRUPTION PLAN

The AFP Fraud Control and Anti-Corruption Plan (FCACP) addresses the requirements of the Commonwealth Fraud Control Guidelines.

An updated risk assessment was conducted along functional lines, based on environmental scanning. A new FCACP was then developed and provided to SAT which is the agency Audit Committee for the purposes of the *Financial Management and Accountability Act 1997*.

Almost all action items from the previous FCACP were implemented by 2004, and it was extended into 2004–05 to accommodate preparation of the new FCACP in the context of the move to the new AFP Functional structure.

Progress reporting and updates on implementation were provided to the SAT for reporting on fraud and fraud control activities to the AGD and to the Minister for Justice and Customs.

COMMISSIONER'S DECLARATION

In accordance with Guideline 1.9 and 2.8 of the Commonwealth Fraud Control Guidelines the AFP Commissioner certified he is 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 AND ADMINISTRATIVE TRIBUNAL DECISIONS IMPACTING ON OPERATIONS

Like other public sector organisations AFP operations and the actions of members are occasionally affected (directly or otherwise) by judicial or administrative decisions. Implications for the AFP 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 in the most appropriate way – written advice, publication of a directive/guideline or the making of a Commissioner's Order.

The decision of the Supreme Court of Papua New Guinea (PNG) in the Wenge case (Special Reference Pursuant to Section 19 PGSC NO 2 of 2004), delivered on 13 May 2005, significantly affected the rights, privileges, powers and immunities of Assisting Australian Police deployed to PNG. As a result of the decision, Assisting Australian Police were

withdrawn from PNG pending ongoing negotiations with the PNG Government.

Estimates Hearings– Senate Legal and Constitutional Committee

- 15 February 2005–Consideration of Additional Estimates
- 24 May 2005–Consideration of Budget Estimates

Other Parliamentary Committees of Inquiry

- 1 July 2004–Senate Legal and Constitutional Committee – Inquiry into the Telecommunications (Interception) Amendment (Stored Communication) *Bill* 2004
- 26 July 2004–Senate Legal and Constitutional Committee – Anti-Terrorism Bill No.2 2004
- 9 August 2004–Senate Legal and Constitutional Committee – Inquiry into *Provisions of the Crimes Legislation (Telecommunications Offences & Other Measures) Bill (No.2) 2004*
- 23 February 2005–Senate Legal and Constitutional Committee – Inquiry into the *Criminal Code Amendment (Trafficking in Persons) Bill*
- 7 March 2005–Joint Standing Committee on Treaties – UN Convention against Corruption
- 11 March 2005–Senate Standing Committee for the Scrutiny of Bills – Inquiry into Entry, Search and Seizure Provisions
- 19 May 2005–Joint Committee on ASIO, ASIS and DSD – Review of Division 3 of part III of the *Australian Security Intelligence Organisation Act 1979* – Questioning and Detention Powers
- 20 May 2005–Senate Legal and Constitutional References Committee – Inquiry into the *Privacy Act 1988*
- 15 June 2005–Senate Legal and Constitutional Committee – Inquiry into the Crimes Legislation Amendment (Telecommunications Interception and Other Measures) *Bill* 2005

COMMONWEALTH OMBUDSMAN'S REPORTS

In 2004–05, the Ombudsman's office received 696 complaints about the AFP, compared to 712 in 2003–04, a decrease of 2 per cent. There was an increase in complaints finalised, to 749 from 664 in the previous year (up 13 per cent). Fluctuations in complaint numbers have occurred over the past six years.

The Ombudsman's investigations, or oversighting of AFP Professional Standards investigations, included matters arising in Protective Services, the Building

and Accommodation area, and ACT Policing City Watch House.

Due to the high rate of interaction with the public, for the year, the AFP's community policing role remained the primary source of complaints, the majority of which were resolved through workplace resolution. Most complaints were of a relatively minor nature and concerned the alleged conduct of police, such as incivility or rudeness.

The number of complaints received by, or notified to, the Ombudsman concerning the Protective Service (PS) in 2004–05 was 46, compared to seven in the previous year. This increase was an expected consequence of the PS falling under the proactive notification requirements of the Complaints Act from July 2004.

The Commonwealth Ombudsman performs an external scrutiny function in relation to the following AFP activities:

- *Complaints (Australian Federal Police) Act 1981*
 - Investigating complaints about Australian Federal Police members in international, national and community policing roles
 - Monitoring the practices and procedures of the AFP
- *Telecommunications (Interception) Act 1979*
 - Inspecting compliance with the record keeping requirements of the Act
- *Crimes Act 1914*
 - Reporting to Parliament on the adequacy and comprehensiveness of controlled operations records
- *Witness Protection Act 1994*
 - Investigating complaints from people placed on the witness protection program or from unsuccessful applicants
- *Australian Security Intelligence Organisation Act 1979*
 - Investigating complaints about AFP members relating to detention and questioning warrants of suspected terrorists.

COMPLAINTS (AUSTRALIAN FEDERAL POLICE) ACT

During the year, Ombudsman staff worked on four special investigations under powers conferred by the Complaints (AFP) Act. Two investigations were completed, with the other two investigations to be completed in 2005–06.

One of the investigations examined the adequacy of an internal AFP investigation of alleged corrupt behaviour in the building and accommodation area of the AFP. Following notification by the AFP to the

Ombudsman of a series of complaints and internal allegations of possible corruption, the Ombudsman's office oversighted the AFP's internal investigation of the matter. The investigation focused on two issues: the AFP's ability to identify systemic weaknesses that might have enabled the individual concerned to act corruptly; and whether the AFP's response to the individual's actions was appropriate. The matter was referred to the Director of Public Prosecutions by the AFP and criminal charges have been laid.

TELECOMMUNICATIONS (INTERCEPTION) ACT

Reports on the results of the inspections covering 2003–04 were presented to the Attorney-General in September 2004. The reports provided to the agencies after each inspection concluded there is a high degree of compliance with the detailed requirements of the TI Act. Recommendations were made for improving the administrative and compliance systems and for assisting staff in administering telecommunications interception warrants.

CRIMES ACT

Controlled operations can be broadly described as covert operations carried out by law enforcement officers under the Crimes Act for the purpose of obtaining evidence that may lead to the prosecution of a person for a serious offence. These operations may also result in law enforcement officers engaging in conduct that, unless authorised under a controlled operations certificate, would constitute an offence.

During the year, two inspections of AFP controlled operations records were conducted. The inspections concluded that with some minor exceptions the AFP was complying with the requirements of the Crimes Act and providing comprehensive information in formal reports.

WITNESS PROTECTION ACT

There were two complaints about the AFP's administration of the National Witness Protection Program (NWPP). One complaint was from a person who stated that he was offered participation in the NWPP if he assisted the AFP and that the offer was withdrawn when the person was considered less 'useful' to the AFP. This matter raised potentially serious issues for the administration of the NWPP, as participation in the program cannot be used to induce a person to cooperate with police as an offer of that kind would be in contravention of the Witness Protection Act.

Records showed that the AFP case officers made a formal request for the complainant and his partner to be considered for entry into the NWPP, and that after an appropriate assessment of the complainant's

circumstances, this request was rejected. The AFP was also able to satisfy Ombudsman staff that the AFP officers involved were careful not to create an expectation of witness protection when dealing with the person.

The second complaint concerned promises that the AFP allegedly made to a person before assessment of the complainant's suitability to enter the NWPP. The person also made complaints about the standard of accommodation provided during the time that they were under the AFP's protection.

AUSTRALIAN SECURITY INTELLIGENCE ORGANISATION ACT

Recent amendments to the *Australian Security Intelligence Organisation Act 1979* (ASIO Act) provide for the entry and search of property by police in order to arrest and detain persons on behalf of the Australian Security Intelligence Organisation (ASIO). The ASIO Act amendments preserve the complaints role of the Commonwealth Ombudsman under the Complaints Act, by confirming that a detainee can complain about the actions of AFP members making an arrest or overseeing detention.

There were no complaints in 2004–05 arising from the amendments to the ASIO Act.

CONSULTANCY SERVICES

COMPETITIVE TENDERING AND CONTRACTING

Work continued on ensuring delivery of goods and services in accordance with the core procurement principle of value for money.

The AFP conducted competitive tendering processes for goods and services including:

- cleaning services
- consultancy services
- forensic equipment
- provision of stationery
- a panel of providers to conduct a program of internal audit.

The National Procurement and Contracts team provides, in consultation with AFP's legal team, procurement and contracting advice to business areas of the AFP.

The IDG has a contracting and procurement team which manages a variety of contracts to support its international missions. These include contracts for the accommodation, logistics and health support for deployed personnel, as well as undertaking a number of procurements aimed at increasing the health and safety of personnel in mission.

CONSULTANCIES

During 2004–05, 30 new consultancy contracts were entered into (including seven contracts under \$10 000) involving total actual expenditure of \$1 424 773. In addition, 18 ongoing consultancy contracts were active in 2004–05, involving total actual expenditure of \$533 479.

Table K – Expenditure on consultants for the three most recent financial years

	2002–03	2003–04	2004–05
New contracts let	21	21	30
Total expenditure (new and ongoing contracts)	\$1 124 278	\$1 004 987	\$1 958 252

Details of consultancy services provided to the AFP for financial year 2004–05 are shown in Table 12 in the Appendixes, and at <www.afp.gov.au> under Government and Corporate, Government Reporting Requirements.

ADVERTISING AND MARKET RESEARCH

For the 2004–05 financial year the AFP paid \$1 371 994 for its advertising needs. This figure includes costs associated with a range of recruitment services. (See Appendix Table 13)

No market research was undertaken in the reporting period given the continued relevance of the research declared in last year's report.

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*. This now includes documents held by the former Australian Protective Service which has been integrated with the AFP. Under section 23 of the FOI Act, the team leader of the FOI Team has been given the authorisation to make initial decisions under the Act. In 2004–05, the AFP received 198 requests compared with 142 requests in 2003–04, a 39 per cent increase.

FOI requests generally seek access to information concerning past or present investigations undertaken by the AFP and its predecessor organisations. These requests sometimes require extensive searches to be undertaken of AFP information holdings and can involve the examination of many hundreds of pages of documents. These documents invariably require the careful and resource intensive examination of all of the contents, in order to respect the right of access by the applicants without unduly prejudicing

personal privacy considerations or the AFP's law enforcement activities.

Following the ANAO service-wide audit of the administration of Freedom of Information requests, the Commonwealth Ombudsman advised that he had decided to conduct an own motion investigation into the quality of agency processing of requests made under the FOI Act.

The AFP submitted quarterly and annual returns under the FOI Act for the Attorney-General's report to Parliament under section 93. Detailed information about the AFP's FOI procedures appears in the Appendixes. Information on making FOI requests to the AFP can also be found on the AFP's website <www.afp.gov.au>.

COMMONWEALTH DISABILITY STRATEGY

The AFP Disability Program and Strategy 2003–06 is the AFP's commitment to comply with the Disability Discrimination Act and the Commonwealth Disability Strategy principles.

The AFP encourages support mechanisms to deliver an effective police service to the community and 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.

In addition, employees with a disability are encouraged to participate in employee support networks and to provide advice, assistance and education in relation to their circumstances to enhance inclusiveness and a harmonious environment.

During the reporting period the AFP undertook its responsibility under the strategies to enhance understanding and provide support for individuals as required for personal development and access. This includes commissioning disability access audits to be undertaken for premises to ensure employee needs would be met pending a transfer from another location.

ECOLOGICALLY SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL PERFORMANCE

The AFP's construction and refurbishment program for WNC incorporates environmentally sustainable practices:

- recycled building materials were used extensively in the construction of the training village.
- excavated material from earthworks at the new firing range will be reused on site
- rainwater from the new firing range roof will be used for garden irrigation
- waterless urinals have been specified for the new firing range.

Environmental issues are also taken into account when purchasing office furniture and equipment. The AFP has a recycling program for paper, toner cartridges, metal and fluorescent tubes.

Environmentally sustainable principles will be integrated into the design, construction and operation of the AFP fit-out at APW and WNC, including:

- energy consumption minimisation
- water consumption minimisation
- consideration of the environmental impact of materials, furniture, fixtures and finishes, including whole-of-life costing, emissions minimisation, materials waste minimisation, recycled content and use of renewable materials
- development and implementation at occupancy of an environmental management system certifiable under ISO 14001.

In relation to vehicles, the AFP is proactively managing the size and nature of its vehicle fleet to achieve efficiencies, including use of alternative fuel sources. The AFP evaluates its vehicle replacements to ensure that the selected models:

- are the most fuel efficient make and model, in the context of operational requirements, including the use of turbo diesel commercial vehicles
- use alternative fuels, such as LPG, where operationally viable.

5

ACT POLICING



CHAPTER 5

AUSTRALIAN CAPITAL TERRITORY POLICING

OUTCOME 2

Community policing focus

Outcome 2 – In partnership with the community, create a safer and more secure Australian Capital Territory through the provision of quality police service.

ACT Policing is a business unit of the AFP and was created for the purpose of providing policing services to the ACT under the authority of a five-year policing arrangement between the Commonwealth and ACT governments. The current policing arrangement was signed in March 2000 and was due to expire in March 2005. A joint ACT–Commonwealth review of ACT Policing Services coincided with the expiration of the arrangement. It was agreed to continue the 2000–05 arrangement until the government response to the review findings is finalised. The policing arrangement is supported by an annual purchase agreement negotiated between the ACT Minister for Police and the Chief Police Officer. An interim 2005–06 purchase agreement was negotiated during June 2005. The interim arrangement will be amended, if necessary, upon finalisation of the new arrangement.



Under the policing arrangement between the Australian and ACT governments, the Chief Police Officer for the ACT reports to both the ACT Minister for Police and Emergency Services and to the AFP Commissioner.

ACT Policing is directly accountable to the ACT Minister for Police and Emergency Services for achievement of the policing outcome and delivery of outputs set out in the purchase agreement. Service delivery under the 2004–05 purchase agreement was articulated in terms of one major outcome and a series of subordinate outputs and performance measures. These measures and targets are publicly reported to the ACT Legislative Assembly each year and form the basis for ACT Policing annual reports.

The major outcome of the purchase agreement for police services requires that ACT Policing works in partnership with the community to create a safer and more secure ACT through the provision of quality police services.

The Joint ACT–Commonwealth study into ACT Policing was finalised in June 2005 and a comprehensive report was submitted to the ACT Government for Cabinet consideration.

Copies of the ACT Policing annual reports are available from the ACT Policing Media and Marketing Team by phoning (02) 6256 7750 or visiting the AFP website <www.afp.gov.au>



APPENDIXES

LIST OF APPENDIXES

Performance Measures–Outcome I

Table 1 – Financial Result 2004–05.....	113
Table 2 – Staff Years Consumed 2004–05	113
Table 3 – Internal Audit Activity 2004–05.....	113

Corporate Integrity

Table 4 – Complaints and Allegations received by source	115
Table 5 – Complaint issues received by category and status.....	115
Table 6 – Results of completed investigations (Complaint issues).....	116
Table 7 – Allegation issues received by category and status.....	116
Table 8 – Results of completed investigations (Allegation issues).....	117
Table 9 – Prohibited drug tests conducted during 2004-05	117
Table 10 – Security Clearances granted 2004–05	118
Table 11 – Number of Protective Service external security clearances completed 2003–05 (by clearance level)	118

Consultancy Services

Table 12 – AFP Consultancy Services 2004–05 Financial Year.....	119
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Advertising and Market Research

Table 13 – Advertising and Market research 2004–05.....	120
---	-----

Freedom of Information procedures and contact points..... 120

Table 14 – AFP information requests 2003-05	122
---	-----

People Strategies

Table 15 – AFP Senior Executive 2004–05	122
Table 16 – AFP geographical distribution 2004-05.....	123
Table 17 – Protective Service geographical distribution 2004-05	123
Table 18 – Ongoing and non-ongoing and casual staff at 30 June 2005.....	123
Table 19 – PS recruitment activity 2004–05	124
Table 20 – AFP Workforce Composition 2004–05.....	124
Table 21 – Protective Service workforce composition 2004-05.....	124
Table 22 – Salary ranges available to AFP employees 2004–05.....	125
Table 23 – AFP Senior Executive Performance Bonus Payments.....	126
Table 23 – Salary ranges available to Protective Service employees 2004–05.....	126
Table 25 – AFP Years of Service.....	127
Table 26 – Outposting to other agencies/police services, secondments, Territories policing and peacekeeping.....	128
Table 27 – Participation in Protective Service internal training programs 2004-05.....	130

Recognition and Ceremonial

Table 28 – National Medals and Police Overseas Service Medals processed during 2004–05.....	130
Table 29 – Australia Day Medallions 2005.....	130
Table 30 – Honours and Awards to AFP Employees 2004–05.....	131

PERFORMANCE MEASURES – OUTCOME 1

Table 1 – Financial Result 2004–05

Budgeted revenue (\$m)	Actual revenue (\$m)	Actual expense (\$m)	Variance (\$m)
868,627	741,528	717,137	151,490

Table 2 – Staff Years Consumed 2004–05

Outcome 1 staffing	2004-05	2003-04
Staff years consumed in Outcome 1	1899 ^a	2014.2

a. This figure includes IDG deployments, but only includes AFP employees and not state police.

Table 3 – Internal Audit Activity 2004–05

SAT Meeting	Performance Audits	Regularity Audits	Other Significant Completed Projects
2 Aug 2004			Special SAT meeting to receive 2003-2004 AFP Financial Statements Preliminary Study of People Smuggling
4 Aug 2004	External Commonwealth Territories Policing	Drug and Property Registries: Location Specific Reports (6) Consolidated Report on Drug and Property Handling	Internal Audit Program 2004-2005, also foreshadowing coverage for 2005-2007 Application of AFP Drug Free Work Force Policy to outsourced internal audit providers Assist Information Services with review of project management policies and guidelines
20 Oct 2004	PS SAP Controls Stationery Management and Use Under Boise Contract Informants	2003-2004 Axiom Advance Accounts Financial Statements Travel Compliance – Sydney Office	Updated Internal Audit Manual Observer status with Commercial Governance Committee. Ongoing involvement in AFP Risk Management Working Party. Participation in Standards Australia committee developing Corporate Governance standards.
23 Feb 2005	Personnel Security Vetting Services People Smuggling	Northern Drug & Property Follow Up Western Drug & Property Follow Up Travel Compliance – Protective Security Travel Compliance – ACT Policing	Assist Information Services with PROMIS Property Module Audit Package and associated reporting to support movement reconciliations. Assist Performance & Planning with Review of Property and Exhibits Systems Assist Australian High-Tech Crime Centre with in-house project and system reviews in addition to conduct of Preliminary Study Undertake an Internal Review of an FOI Request Provision of Internal Audit input to Fraud and Corruption Risk Assessment, and Action Plans Contributed to International Internal Audit Benchmarking Survey conducted by Institute of Internal Auditors Preliminary Study of Regional Assistance Mission to the Solomon Islands

Table 3 – continued over

Table 3 – continued

25 May 2005	<p>AFP Accounts Payable PS Revenue, Costing & Budgeting Staff Opinion & Analysis Review Property Crime Cycle – ACT Policing</p>	<p>2003-2004 Operational Advance Accounts Financial Statements 2003-2004 Protective Security Advance Accounts Financial Statements Superannuation Guarantee Payments to Contractors Cash Handling – ACT Warrants Cash Handling – ACT Seizures Privacy Principles & PROMIS Federal Intelligence Holdings</p>	<p>Provision of ongoing secretariat functions to Security and Audit Team, and ad hoc advice to various clients and external stakeholders, including the ANAO Systematic follow up of ANAO Reports for relevance and reporting on the AFP's position Systematic follow up of Internal Audits for actions against agreed recommendations Systematic reporting of SAT and IA activity to all of AFP Executive Internal Audit library holdings rationalised and reorganised Revised approach to coverage of Drug and Property Holdings negotiated Preliminary Study of Counter-Terrorism Preliminary Study of Close Personal Protection</p>
29 June 2005			<p>Special SAT meeting for self-assessment and planning purposes Assist four (4) separate line projects contract with outsourced internal audit providers on a consultancy basis Support Quality Review of AFP Internal Audit by Institute of Internal Auditors Australia Request For Tender prepared, issued and evaluated for Internal Audit service providers for ongoing co-sourcing arrangements</p>
Count	10	19	32

CORPORATE INTEGRITY

Table 4 – Complaints and Allegations received by source

	Complaints	Allegations	Complaints	Allegations
	2004-05	2004-05	2003-04	2003-04
AFP internal	0	205	146	162
Government Department	6	3	11	3
Media	0	0	0	0
Ministerial	0	0	0	0
Ombudsman	240	0	222	0
Public	464	25	407	18
State Police	0	0	0	0
Total	710	233	786	183

Number of complaint issues received in 2004-05 (by status and category)

Table 5 – Complaint issues received by category and status

Category	Completed	Outstanding	Total
Advice	13	7	20
Arrest	21	13	34
Assault	20	35	55
Conduct	53	20	73
Criminal Offence	3	5	8
Entry And Search	22	25	47
Fraud	3	1	4
Harassment	60	18	78
Incivility	140	44	184
Miscellaneous	23	2	25
Misuse Of Authority	29	12	41
Neglect Of Duty	149	55	204
Non Complaint	38	7	45
Practices And Procedures	89	14	103
Property	44	28	72
Traffic	20	7	27
Use Of Force/Person	25	52	77
Total	752	345	1,097

Results of completed investigations (AFP complaint issues) 2004-05

Table 6 – Results of completed investigations (Complaint issues)

Category	A	B	C	D	E	F	G	Total
Advice					7	1	5	13
Arrest				4	8	2	7	21
Assault			2	2			16	20
Conduct	1	1	1		22	1	27	53
Criminal Offence	1						2	3
Entry And Search					11	1	10	22
Fraud		1					2	3
Harassment					21		39	60
Incivility				3	74	17	46	140
Miscellaneous	4				4		15	23
Misuse of Authority		5			5	1	18	29
Neglect of Duty	1				68	3	77	149
Non-Complaint					38			38
Practices and Procedures					9	2	78	89
Property			1		8	7	28	44
Traffic				1	9		10	20
Use of Force/Person	1	1				5	18	25
Total	8	8	4	10	284	40	398	752

A Substantiated

B Unsubstantiated

C Incapable of determination

D Conciliation attempted

E Conciliation successful

F Withdrawn

G Discretion exercised by the Ombudsman not to investigate

Table 7 – Allegation issues received by category and status

Category	Completed	Outstanding	Total
Advice		1	1
Arrest			
Assault	4	9	13
Conduct	66	95	161
Criminal Offence	4	4	8
Entry And Search	1		1
Fraud	4	14	18
Harassment	7	17	24
Incivility	2	4	6
Miscellaneous		2	2
Misuse Of Authority	19	14	33
Neglect Of Duty	5	34	39
Non Complaint		2	2
Practices And Procedures	4	10	14
Property	5	15	20
Traffic	1	1	2
Use Of Force/Person		2	2
Total	122	224	346

Table 8 – Results of completed investigations (Allegation issues)

Category	A	B	C	D	E	F	G	Total
Advice								0
Arrest								0
Assault	1	1	1				1	4
Conduct	29	19	1	2	11	1	3	66
Criminal Offence	1	2					1	4
Entry And Search					1			1
Fraud	1	2					1	4
Harassment		1	1		3		2	7
Incivility		1			1			2
Miscellaneous								0
Misuse Of Authority	2	4	1	1	4	2	5	19
Neglect Of Duty	1				2		2	5
Non Complaint								0
Practices And Procedures	2	1			1			4
Property		2					3	5
Traffic					1			1
Use Of Force/Person								0
Total	37	33	4	3	24	3	18	122

A Substantiated

B Unsubstantiated

C Incapable of determination

D Conciliation attempted

E Conciliation successful F Withdrawn

G Discretion exercised by the Ombudsman not to investigate

Table 9 – Prohibited drug tests conducted during 2004-05

Prohibited Drug Testing Programs

The AFP conducts various 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; and Mandatory Contractor Testing. Each program focuses on detecting the presence of prohibited drugs, specifically narcotic substances (within the meaning of the *Customs ACT 1901*, Schedule IV).

These programs continued to receive full cooperation from employees and the Australian Federal Police Association (AFPA) throughout the 2004–05 reporting period.

The following table provides a comparison of the drug program statistics for 2003–04 and 2004–05.

During the 2004–05 reporting period, two applicants for unsworn positions, three contractors and seven employees tested positive for drug use. All other tests returned negative results.

Category	2004-05	2003-04
Mandatory Applicant Testing	627	291
Mandatory Targeted Testing	2109	1122
Mandatory Investigation and Certain Incident Testing	22	4
Mandatory Contractor Testing	98	101
Total	2856	1518

Table 10 – AFP security clearances granted 2004 – 2005

Category	2004-05
Position of Trust	376
Protected	129
Confidential	3
Highly Protected	528
Highly Protected/Confidential	308
Secret	295
Top Secret	378
Total	2017

Table 11 – Number of Protective Service external security clearances completed 2003-05
(by clearance level)

Category	2004-05	2003-04
Protected	606	747
Highly Protected	340	288
Confidential	69	104
Secret	269	374
Top Secret	301	370
Total	1585	1883

Source: Protective Service External Vetting Team data as at July 2005

CONSULTANCY SERVICES

Table 12 – AFP Consultancy Services 2004–05

During 2004–05, 30 new consultancy contracts were entered into, with a contract value of \$1,623,772, including contracts under \$10,000, with a contract value of \$37,076.

The total expenditure for new and existing contracts in 2004-05 is: \$1,387,697 for 23 contracts over \$10,000.00; \$37,076 for seven contracts under \$10,000.00; and \$533,479 for 18 contracts let in previous years but with expenditure in the 2004-05 year:

Consultant Name	Description	Contract Price inc GST	Selection Process	Justification
Acumen Alliance	Compliance Review of Contractor Superannuation Guarantee	\$35,339	4	B
Acumen Alliance	Performance Audit of Staff Opinion and Analysis Review (SOAR)	\$27,286 ^a	4	B
Acumen Alliance	Compliance Audits of Travel – ACT Policing, Protection, International	\$13,272	4	B
Acumen Alliance	Compliance Audits of the International Deployment Group (IDG) Personnel Entitlements	\$11,757	4	B
Aspect Organisational Psychologists	Assistance in student assessment and selection in the Solomon Islands	\$16,445	1	B
Ball Solutions Group Pty Ltd	Development of an Air Logistics Support Capability Options Paper and statement of requirement	\$39,600	3	B, C
Chandler MacLeod Group	Technical advice re design, construction and delivery of police boats	\$88,000	3	A, B
Courage Partners	Development of evaluation plan for operational model trial	\$34,015 ^b	3	A, B
Freebody Cogent Pty Ltd	Benchmarking for the AFP Case Officer Network	\$53,774	3	C
Hudson Global Resources	Conduct short computer based survey	\$10,000	3	A, B
Institute Of Internal Auditors – Australia	Quality Assurance Review (QAR) of Internal Audit	\$25,713	3	B
John Valentin & Associates	Joint Commonwealth/ACT Government study on Policing	\$103,214	3	C
KPMG	Joint Commonwealth/ACT Government study on Policing	\$440,000	1	C
KPMG	Professional services in relation to Police Citizens Youth Club (PCYC) site	\$31,240	2	C
KPMG	Performance Audit of PS Revenue	\$28,050	4	B
KPMG	Performance Audit of AFP Accounts Payable	\$62,650	4	B
National Promotions Australia P/L	Crime Prevention Strategies and Research	\$158,400	3	A, B
PriceWaterhouse Coopers	Audit follow-up of Drug & Property Holdings	\$15,000	4	B
PriceWaterhouse Coopers	Performance Audit of Drug & Property Holdings	\$104,610	4	B
Prof Goldsmith & Drs Dinnen & McLeod	Undertake pilot research on Police participation in International Peace Keeping & Capacity	\$30,798	3	C
Supportlink Systems	Referral service to social support sector to provide specialist support for vulnerable families and individuals	\$119,853 ^c	3	A, B
Turning Point Drug and Alcohol Centre	To provide analysis and estimates of the social cost of drugs to underpin the AFP Drug Harm Index	\$40,000	3	B, C
WalterTurnbull	Strategic Capital Management Review	\$97,680	2	A, B
Total		\$1,586,696		

Footnotes continued over page

Footnotes to Table 12

a. Additional contract cost of \$3,886 due to a change to the scope of services.

b. Additional contract costs for disbursements, i.e. travel, amounting to \$1,015.

c. Additional contract cost of \$24,853, due to increased demand for the referral service.

Selection process:

1—Open tender; 2—Select tender; or 3—Direct sourcing; or 4—Panel, established through open tender process.

Justification for decision to use consultancy:

A—Skills currently unavailable within the agency; B—Need for specialised or professional skills; C—Need for independent research or assessment.

ADVERTISING AND MARKET RESEARCH

Table 13 – Advertising and Market Research 2004–05

Consultant Name	Description of service	Cost in 2004–05 \$
HMA Blaze Pty Ltd	Recruitment and advertising	337,032.86
Hudson Global Resources (Aust) Pty Ltd	Recruitment	620,378.08
Patriot Alliance Pty Ltd	Recruitment	85,270.39
Spherion Group Ltd	Recruitment	329,314.34
Canberra Mailing and Envelopes	Platypus Magazine mailing	4,694

No market research costs were incurred during 2004–05

FREEDOM OF INFORMATION

AFP (pursuant to s.8(1) of the *Freedom of Information Act 1982*

This functional statement is published to meet the requirements of section 8 of the *Freedom of Information Act 1982* (the FOI Act).

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:

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 reasons 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 AFP office closest 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 iii.

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) 6223 3401. For information about obtaining an incident report relating to an offence against the person, telephone (02) 6245 7432. Payment may be made to the Receiver of Public Monies. For information about obtaining a character check or criminal and traffic conviction report, telephone (02) 6223 3545.

CATEGORIES OF DOCUMENTS

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

The documents include:

- accounting and budgetary records, including estimates, claims, payment records etc, held on files, in folders, on cards and in computer readable form
- annual plans for internal audit activity; briefing papers and submissions prepared for the Attorney-General and the Minister for Justice and Customs
- control registers concerning purchasing, official telephones, stores, assets, travel and internal services
- copies of computer hardware and software purchase and maintenance contracts
- correspondence on questions asked in parliament, together with related replies
- correspondence received, including Ministerial correspondence
- court documents and associated statements
- crime statistics and criminal investigation reports and associated documents
- forensic analysis reports (fingerprints, document examination and scientific) and associated documents
- general correspondence and files
- internal control records, including working statistics and monthly reports
- lost property reports and associated documents
- Ministerial Directions in accordance with the AFP Act
- operational records covering infringement notices, statistics and associated reports
- organisation and staffing records, both manual and computerised, including organisation proposals, organisation
- charts, duty statements, lists of staff and establishment, position occupancy records
- personal records for all officers for whom standard personnel services are provided
- policy documents, including recommendations and decisions
- press statements and media releases
- procedures, instructions and guidelines
- register of relevant Cabinet decisions and submissions
- reports and associated working papers resulting from internal audit reviews
- reports to the coroner (death and fire)
- staff recruitment campaign records
- 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>

Table 14 – AFP information requests 2003-05

Category	2004-05	2003-04
Freedom of Information	198	142
Requests for documents – offences against the person	469	429
Requests for documents – accidents	3,758	2,963
Request for documents – offences against property	50	550
Subpoena or Summons	355	415
Total	4,830	4,499

Source: AFP FOI Team and all AFP offices. Data as of June 30, 2005

PEOPLE STRATEGIES

Table 15 – AFP Senior Executive 2004–05

Executive	Management	AFP Sworn	AFP Unsworn	Grand Total
Deputy Commissioner Operations	Output 1.1	13	3	16
	Output 1.2	3	1	4
	Output 1.3	5	1	6
Deputy Commissioner Operations Total		21	5	26
Chief of Staff	Chief of Staff Office	4	0	4
	Marketing & Communication	0	1	1
	Policy & Strategic Planning	0	1	1
	Performance & Planning	1	0	1
	High-Tech Crime Centre	1	0	1
Chief of Staff Total		6	2	8
Chief Operating Officer	Chief Operating Officer-COO	0	2	2
	Nat. Manager Human Resources	2	3	5
	Finance & Commercial	0	2	2
	Information Services	0	3	3
	Nat. Manager Forensic & Technical	1	1	2
Chief Operating Officer Total		3	11	14
Chief Police Officer – ACT	ACT Policing	3	1	4
Chief Police Officer – ACT Total		3	1	4
Grand Total		33	19	52

Source: EIS 29/6/05

Table 16 – AFP geographical distribution 2004-05

Location	AFP Sworn			AFP Unsworn			Grand Total		
	M	F	Total	M	F	Total	M	F	Total
Australian Capital Territory	855	262	1 117	393	568	961	1 248	830	2 078
Commonwealth Territories	10	2	12	2	4	6	12	6	18
New South Wales	257	104	361	34	52	86	291	156	447
Northern Territory	5	2	7	1	0	1	6	2	8
Overseas Posts	157	35	192	31	35	66	188	70	258
Queensland	133	45	178	28	34	62	161	79	240
South Australia	43	11	54	2	8	10	45	19	64
Tasmania	4	2	6	1	0	1	5	2	7
Victoria	208	80	288	20	46	66	228	126	354
Western Australia	79	16	95	13	19	32	92	35	127
Grand Total	1 751	559	2 310	525	766	1 291	2 276	1 325	3 601

Table 17 – Protective Service geographical distribution 2004-05

(by broad-banded classification and gender – includes ongoing, non-ongoing, full-time and part-time (full-time equivalent))

Location	SES		EL 1-2 & equiv		APSL 1-6 &equiv		Total	
	F	M	F	M	F	M	F	M
Australian Capital Territory	0	0	9	33.4	105.46	493.31	114.46	526.71
New South Wales	0	0	0	3	12.82	241.89	12.82	244.89
Victoria	0	0	1	1	11	115	12	116
Queensland	0	0	0	2	13.1	111	13.1	113
South Australia	0	0	0	1	3	25	3	26
Western Australia	0	0	0	0	11	100	11	100
Tasmania	0	0	0	1	1	13	1	14
Northern Territory	0	0	0	2	9.6	63	9.6	65
Total	0	0	10	43.4	166.98	1 162.2	176.98	1 205.6

Source: PS SAP 4.6c 30 June 2005 data as at 13 July 2005

Table 18 – Ongoing and non-ongoing and casual staff at 30 June 2005

Employee Group	2004/05	2003/04	Difference	Change
Permanent Full Time	3310	3242	68	2.10%
Permanent Part Time	142	137	5	3.65%
Temporary Full Time	125	73	52	71.23%
Temporary Part Time	19	11	8	72.73%
Casual	5	7	-2	-28.57%
Seconded Paid	0	3	-3	-100.00%
Total	3601	3473	128	3.69%

Table 19 – Protective Service recruitment activity 2004-05

New recruits (ASO, EDC & PSO I officers)	174
PSO 2	14
Australian Public Service Level 3	1
Australian Public Service Level 4	5
Australian Public Service Level 5	2
Australian Public Service Level 6	6
Executive Level (EL) 1	3
EL 2	0
AFP Band 3	4
AFP Band 4	2
AFP Band 5	0
AFP Band 6	2
AFP Band 7	2
Total	215

Table 20 – AFP Workforce Composition 2004-05

Base Sal Grp	AFP Sworn			AFP Unsworn			Total
	Male	Female	Total	Male	Female	Total	
0	8	7	15	9	7	16	31
1	0	0	0	2	3	5	5
2	36	13	49	29	91	120	169
3	316	123	439	101	211	312	751
4	726	250	976	103	224	327	1303
5	110	41	151	28	64	92	243
6	80	29	109	74	65	139	248
7	311	65	376	53	45	98	474
8	45	8	53	51	23	74	127
9	90	19	109	58	26	84	193
SES	26	4	30	15	5	20	50
Statutory Office Holders	2	0	2	0	0	0	2
Casual	1	0	1	2	2	4	5
Grand Total	1751	559	2310	525	766	1291	3601

Source: EIS 29/06/05

Table 21 – Protective Service workforce composition 2004-05

Salary group		Non-ongoing		Ongoing		Total
		P-T	F-T	P-T	F-T	
APSLI-6 and equivalent	Female	0	12	17	144	173
	Male	0	23	4	1135	1162
ELI-2 and equivalent	Female	0	1	0	9	10
	Male	1	0	1	42	44
SES	Female	0	0	0	0	0
	Male	0	0	0	0	0
Total	Female	0	13	17	153	183
	Male	1	23	5	1177	1206

Source: PS SAP 4.6c 30 June 2005 data as at 13 July 2005

Table 22– Salary ranges available to AFP employees 2004–05

	Pay Point	Base Salary @ 1 July 2004	Base Salary @ 12 November 2004
1	1.1	\$30,169	\$31,376
	1.2	\$31,230	\$32,479
	1.3	\$32,369	\$33,664
	1.4	\$33,510	\$34,850
2	2.1	\$33,510	\$34,850
	2.2	\$34,806	\$36,198
	2.3	\$36,067	\$37,510
	2.4	\$37,422	\$38,919
	2.5	\$38,931	\$40,489
3	3.1	\$38,931	\$40,489
	3.2	\$40,515	\$42,136
	3.3	\$42,098	\$43,782
	3.4	\$43,778	\$45,529
	3.5	\$45,454	\$47,272
4	4.1	\$45,454	\$47,272
	4.2	\$47,310	\$49,202
	4.3	\$49,162	\$51,128
	4.4	\$51,212	\$53,260
	4.5	\$53,435	\$55,573
5	5.1	\$53,435	\$55,573
	5.2	\$55,664	\$57,890
	5.3	\$57,887	\$60,203
6	6.1	\$57,887	\$60,203
	6.2	\$60,880	\$63,315
	6.3	\$63,870	\$66,424
7	7.1	\$63,870	\$66,424
	7.2	\$66,138	\$68,783
	7.3	\$68,407	\$71,143
8	8.1	\$68,407	\$71,143
	8.2	\$71,431	\$74,289
	8.3	\$74,459	\$77,437
9	9.1	\$74,459	\$77,437
	9.2	\$77,799	\$80,911
	9.3	\$81,139	\$84,384
	9.4	\$84,793	\$88,185
	9.5	\$88,448	\$91,986

Table 23 – AFP Senior Executive Performance Bonus Payments

AFP Senior Executive Performance Bonus Payments		
	Amount	No.
SES Level 3	\$27,500	3
SES Level 2	\$83,500	12
SES Level 1	\$158,500	24
Total	\$269,500	39

Table 24 – Salary ranges available to Protective Service employees 2004-05

Category and Classification		Salary rates at 30 June 2005	
PSO Certified Agreement			
	AFR	Non AFR	
	\$	\$	
PSO I		34,732 – 38,398	33,802 – 37,485
PSO2		39,502 – 42,604	38,502 – 41,554
Senior Protective Service Officer		44,276 – 47,756	42,910 – 46,592
AWA – NHQ and Station Manager			
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	
AFP Certified Agreement			
Band 1		31,376 – 34,850	
Band 2		34,850 – 40,489	
Band 3		40,489 – 47,272	
Band 4		47,272 – 55,573	
Band 5		55,573 – 60,203	
Band 6		60,203 – 66,424	
Band 7		66,424 – 71,143	
Band 8		71,143 – 77,437	
Band 9		77,437 – 91,986	
AWA - ASO			
ASO		58,045 – 59,893	
ASO Team Leader		61,449 – 63,023	

Source: AFP Australian Workplace Agreement(s) and Certified Agreement(s)

During 2004–05 there were 171 Australian Workplace Agreements in place in the AFP.

Table 25 – AFP Years of Service

		Serv Grp							Grand Total
Pers Area	Executive	0yrs	01-05yrs	06-10yrs	11-15yrs	16-20yrs	21-25yrs	26+yrs	
AFP Sworn	Deputy Commissioner Operations	21	443	224	173	226	177	151	1415
	Chief of Staff	0	7	19	8	14	10	7	65
	Chief Operating Officer	0	39	26	38	42	57	20	222
	Chief Police Officer – ACT	45	318	67	31	40	55	52	608
	AFP Sworn Total	66	807	336	250	322	299	230	2310
AFP Unsworn	Deputy Commissioner Operations	72	269	58	48	23	7	6	483
	Chief of Staff	14	29	5	3	4	1	1	57
	Chief Operating Officer	107	274	68	70	39	27	7	592
	Chief Police Officer – ACT	52	78	8	9	10	2	0	159
AFP Unsworn Total		245	650	139	130	76	37	14	1291
Grand Total		311	1457	475	380	398	336	244	3601

Source: EIS 29/06/05

Table 26 – Outposting to other agencies/police services, secondments, Territories policing and peacekeeping

	Base Sal Grp										SES	Total
	0	1	2	3	4	5	6	7	8	9		
High-Tech Crime Centre	11	0	0	2	3	0	1	5	0	2	0	24
Australian High-Tech Crime Commission												
EXTERNAL TERRITORIES												
Jervis Bay	.	.	.	.	3	.	.	1	.	.		4
Christmas Island	3	1	.	.	2	1	.	1	.	.		8
Cocos Island	2	.	1	.	.	.	1	.	.	.		4
Norfolk Island	.	.	.	.	2	.	.	2	.	.		4
PEACEKEEPING												
Cyprus	0	.	.	.	12	.	.	3	.	.		15
Jordan	.	.	.	.	1	.	.	1	.	.		2
Nauru	.	.	.	.	.	.	.	.	.	1		1
East Timor - UN	0	.	.	.	9	2	.	4	.	1		16
PNG Commander P	2	.	1	14	52	2	4	20	4	4	2	105
RAMSI Commander	0	.	10	27	45	7	4	11	3	6		113
Australian Crime Commission												
	Base Sal Grp										Total	
		1	2	3	4	5	6	7	8	9		
Sydney	.	.	.	.	5	1	.	3	.	1	10	
Brisbane	.	.	.	.	2	.	.	.	.	.	2	
Adelaide	.	.	.	.	2	.	.	.	.	.	2	
Melbourne	.	.	.	.	5	2	.	.	.	1	8	
Perth	.	.	.	.	1	.	.	.	.	.	1	
Australian Crime Commission					15	3		3		2	23	

Table 26 continued over

Table 26 continued

[illegible]

Table 27 – Participation in Protective Service internal training programs 2004-05

Course	2004-05
Recruit Training	152
Advanced First Response Training	124
Bomb Appraisal Officer	12
Explosive Detection Canine Handler	Nil
Escort Officer	26
Firearms Instructor	23
Operational Safety Defensive Tactics Instructor	20
Leadership Development Program	105
Bicycle Patrol	8
Station Administrative Officer	19
AFR Instructor	27
Basic Search	39
Air Security Officer	27
Senior Air Security Officer	12
Air Security Officer Firearms Instructor	29

Source: Protective Service National Training Centre data as at July 2005

RECOGNITION AND CEREMONIAL

Table 28 – National Medals and Police Overseas Service Medals processed during 2004 –05

Operating Division	National Medal				Police Overseas Service Medal						Commissioner's Commendations
	Medal	1st Clasp	2nd Clasp	3rd Clasp	Cyprus		Timor Leste		RAMSI		See Table 29
					Medal	Clasp	Medal	Clasp	Medal	Clasp	
AFP	50	53	3	-	14	8	18	7	203	83	
PS	22	12	-	-	-	-	-	-	215	-	

Source: AFP Recognition and Ceremonial Team. Data as of 1 July 2005

Table 29 – Australia Day Medallion 2005

PS	4
AFP	15
Volunteers	1

Source: AFP Recognition and Ceremonial Team. Data as of 1 July 2005

Table 30 – Honours and Awards to AFP Employees 2004–05

Award Type	AFP		PS	
	Medal	Clasp/Bar	Medal	Clasp/Bar
Internal Awards				
Commissioner's Medal for Excellence (CME)	2	-	-	-
Commissioner's Medal for Innovation (CMI)	3	-	-	-
Commissioner's Commendation for Bravery (CCB)	9	-	-	-
Commissioner's Commendation for Conspicuous Conduct (CCCC)	12	-	3	-
Commissioner's Commendation for Excellence in Overseas Service (CCEOS)	7	-	-	-
Commissioner's Commendation for Hazardous Overseas Service (CCHOS)	-	-	-	-
Commissioner's Group Citation for Bravery (CGCB)	-	-	-	-
Commissioner's Group Citation for Conspicuous Conduct (CGCCC)	31	-	-	-
Commissioner's Group Citation for Excellence in Overseas Service (CGCEOS)	12	-	-	-
Commissioner's Group Citation for Hazardous Overseas Service (CGCHOS)	11	-	18	-
Australian Federal Police Operations Medal – Operation Alliance	351	-	19	-
Australian Federal Police Operations Medal – Operation Sorbet	110	15	-	-
Australian Federal Police Service Medal	Yet to be awarded	-	-	-
Australian Protective Service Medal			Yet to be awarded	-
Total	548	15	40	-
External Awards				
Australian Honours System				
Bravery Medal (BM)	1			
Public Service Medal (PSM)	1			
Australian Police Medal (APM)	6			
Commendation for Brave Conduct	6			
Group Citation for Bravery	36			
Police Overseas Service Medal	235	98	215	-
National Medal	50	56	22	12
Foreign Awards				
MEDALYA NG KATANGITANGING GAWA (Philippines National Police Outstanding Achievement Medal)	1			

Source: AFP Recognition and Ceremonial Team. Data as at 22 June 2004

ANNUAL REPORT 2004-05



FINANCIAL STATEMENTS



INDEPENDENT AUDIT REPORT

To the Minister for Justice and Customs

Scope

The financial statements and the Commissioner's responsibility

The financial statements comprise:

- Statement by the Commissioner and Chief Finance 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 2005.

The Commissioner is responsible for preparing financial statements that give a true and fair presentation of the financial position and performance of the Australian Federal Police, and that comply with accounting standards and other mandatory financial reporting requirements in Australia, and the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*. The Commissioner is also responsible 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 have 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 the ethical requirements of the Australian accounting profession.

Audit Opinion

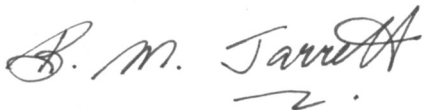
In my opinion, the financial statements of the Australian Federal Police:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and
- (b) give a true and fair view of the Australian Federal Police's financial position as at 30 June 2005 and of its performance and cash flows for the year then ended, in accordance with:
 - (i) the matters required by the Finance Minister's Orders; and
 - (ii) applicable accounting standards and other mandatory financial reporting requirements in Australia.

Other Statutory Matters

As detailed in Note 18 of the financial statements, the Australian Federal Police has contravened section 83 of the Constitution and has therefore breached section 48 of the *Financial Management and Accountability Act 1997*.

Australian National Audit Office



Brandon Jarrett
Executive Director

Delegate of the Auditor-General
Canberra
11 August 2005

Statement by the Commissioner of Police and Chief Finance Officer

In our opinion, the attached financial statements for the year ended 30 June 2005 have been prepared based on properly maintained financial records (except for those matters detailed in Note 18) and 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*, as amended.

Signed 

M J Keelty
Commissioner


11 August 2005

Signed 

Dianne Carlos
Chief Finance Officer

11 August 2005

AUSTRALIAN FEDERAL POLICE
STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2005

	Notes	2004-05 \$'000	2003-04 \$'000
Revenues from ordinary activities			
Revenues from Government	4A	611,954	557,671
Goods and services	4B	202,619	206,942
Interest	4C	-	865
Revenue from sales of assets	4D	20	17
Reversal of previous asset write-downs		-	70
Other revenues	4E	18,262	6,493
<i>Revenues from ordinary activities</i>		832,855	772,058
Expenses from ordinary activities (excluding borrowing cost expense)			
Employees	5A	469,415	420,804
Suppliers	5B	291,614	219,664
Depreciation and amortisation	5C	39,210	31,777
Write-down of assets	5D	1,354	3,804
Value of assets disposed	4D	357	211
<i>Expenses from ordinary activities (excluding borrowing costs expense)</i>		801,950	676,260
Net surplus/(deficit) from ordinary activities before income tax		30,905	95,798
<i>Competitive Neutrality Expense</i>	6	6,560	6,695
Net surplus/(deficit) from ordinary activities after income tax		24,345	89,103
Net credit/(debit) to asset revaluation reserve	11	(356)	(4,151)
Total revenues, expenses and valuation adjustments recognised directly in equity		(356)	(4,151)
Total changes in equity other than those resulting from transactions with the Australian Government as owners		23,989	84,952

The above statement should be read in conjunction with the accompanying notes.

AUSTRALIAN FEDERAL POLICE
STATEMENT OF FINANCIAL POSITION

As At 30 June 2005

	Notes	2004-05 \$'000	2003-04 \$'000
ASSETS			
Financial Assets			
Cash	7A	27,965	59,747
Receivables	7B	286,819	176,058
Total financial assets		314,784	235,805
Non-financial Assets			
Land and buildings	8A,D	25,672	27,372
Infrastructure, plant and equipment	8B,D	64,216	57,051
Intangibles	8C,D	12,546	13,793
Inventories	8E	478	312
Other	8E	6,725	12,412
Total non-financial assets		109,637	110,940
TOTAL ASSETS		424,421	346,745
LIABILITIES			
Provisions			
Employees	9A	119,223	97,589
Other provisions	9B	8,134	16,032
Total provisions		127,357	113,621
Payables			
Suppliers	10A	38,682	31,737
Other payables	10B	4,097	3,573
Dividend	10C	358	2,175
Total payables		43,137	37,485
Tax Liabilities			
Tax liabilities equivalent	10D	5,544	619
TOTAL LIABILITIES		176,038	151,725
NET ASSETS		248,383	195,020
EQUITY			
Contributed equity	11	199,843	170,111
Reserves	11	12,749	13,105
Retained surpluses / (accumulated deficits)	11	35,791	11,804
Total Equity	11	248,383	195,020
Current Assets		321,987	248,530
Non-current Assets		102,434	98,216
Current Liabilities		101,673	92,542
Non-current Liabilities		74,365	59,183

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 2005

	Notes	2004-05 \$'000	2003-04 \$'000
OPERATING ACTIVITIES			
Cash received			
Sale of goods and services		218,737	240,477
Appropriations		542,268	543,271
Net GST received from ATO		11,730	13,222
Interest		-	244
Total cash received		772,735	797,214
Cash used			
Employees		447,780	414,181
Suppliers		301,835	213,863
GST paid to ATO		-	22,790
Competitive neutrality payments	10D	1,634	10,554
Total cash used		751,249	661,388
Net cash from (used by) operating activities	12	21,486	135,826
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		20	17
Total cash received		20	17
Cash used			
Purchase of land & buildings		9,515	1,298
Purchase of property, plant and equipment		32,209	29,753
Purchase of intangibles		3,581	4,596
Purchase of inventory		169	-
Total cash used		45,474	35,647
Net cash from (used by) investing activities		(45,455)	(35,630)
FINANCING ACTIVITIES			
Cash received			
Appropriations - contributed equity		29,732	51,171
Total cash received		29,732	51,171
Cash used			
Payment of dividend		2,175	4,321
Transfer of funds to OPA		35,371	159,004
Total cash used		37,546	163,325
Net cash from (used by) financing activities		(7,814)	(112,154)
Net increase (decrease) in cash held		(31,783)	(11,956)
Cash at beginning of the reporting period		59,747	71,703
Cash at the end of the reporting period		27,965	59,747

The above statement should be read in conjunction with the accompanying notes.

**AUSTRALIAN FEDERAL POLICE
SCHEDULE OF COMMITMENTS**

As At 30 June 2005

	2004-05 \$'000	2003-04 \$'000
<u>BY TYPE</u>		
Capital Commitments		
Land and buildings ¹	7,874	16,783
Infrastructure, plant and equipment ²	6,180	6,752
Total capital commitments	14,054	23,535
Other Commitments		
Operating leases ⁴	164,635	79,825
Forward commitments estimate	-	304
Other commitments ³	41,092	103,113
Total other commitments	205,727	183,242
Commitments Receivable	(26,678)	(18,798)
Net Commitments	193,103	187,979
<u>BY MATURITY</u>		
Capital Commitments		
One year or less	12,776	11,617
From one to five years	-	9,778
Over five years	-	-
Operating Lease Commitments		
One year or less	38,958	34,472
From one to five years	62,383	38,997
Over five years	44,092	135
Other Commitments		
One year or less	27,454	80,659
From one to five years	7,440	11,133
Over five years	-	1,188
Net Commitments by Maturity	193,103	187,979

NB: Commitments are GST inclusive where relevant

¹ Outstanding contractual payments for buildings under construction (including leasehold improvements)

² Infrastructure, plant and equipment commitments are primarily for contracts to purchase police equipment

³ Other commitments primarily relate to logistics support

⁴ Operating leases included are effectively non-cancellable and comprise:

<u>Nature of Lease</u>	<u>General description of leasing arrangement</u>
leases for office accommodation	. lease payments are subject to terms as detailed in the lease agreement; . the initial periods of office accommodation are still current and may be renewed at the AFP's option.
agreements for the provision of motor vehicles to executive officers	. no contingent rentals exist; . there are no renewal or purchase options available to the AFP.
leases in relation to computer and other equipment	. the lessor provides computer and other equipment to the AFP; . no contingent rentals exist; . there are no renewal or purchase options available to the AFP.

The above schedule should be read in conjunction with the accompanying notes.

AUSTRALIAN FEDERAL POLICE
SCHEDULE OF CONTINGENCIES
as at 30 June 2005

Contingent liabilities	Guarantees		Claims for damages/costs		Total	
	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance from previous period	-	-	1,195	3,260	1,195	3,260
New	-	-	2,540	425	2,540	425
Re-measurement	-	-	(670)	(763)	(670)	(763)
Liabilities crystallised	-	-	(70)	(1,677)	(70)	(1,677)
Obligations expired	-	-	-	(50)	-	(50)
Total Contingent Liabilities	-	-	2,995	1,195	2,995	1,195
Contingent assets	Guarantees		Claims for damages/costs		Total	
	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance from previous period	-	-	-	-	-	-
New	-	-	-	-	-	-
Re-measurement	-	-	-	-	-	-
Liabilities crystallised	-	-	-	-	-	-
Obligations expired	-	-	-	-	-	-
Total Contingent Assets	-	-	-	-	-	-
Net Contingencies	-	-	(2,995)	(1,195)	(2,995)	(1,195)

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 13.

AUSTRALIAN FEDERAL POLICE**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS***For the year ended 30 June 2005*

Note	Description
1	Summary of Significant Accounting Policies
2	Adoption of Australian Equivalents to International Financial Reporting Standards from 2005 - 2006
3	Events Occurring after Balance Date
4	Operating Revenues
5	Operating Expenses
6	Competitive Neutrality Expense
7	Financial Assets
8	Non-financial Assets
9	Provisions
10	Payables
11	Equity
12	Cash Flow Reconciliation
13	Contingent Liabilities and Assets
14	Executive Remuneration
15	Remuneration of Auditors
16	Average Staffing Levels
17	Financial Instruments
18	Appropriations
19	Special Accounts and Trust Monies
20	Reporting of Outcomes
21	Special Payments

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2005

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 Minister for Finance and Administration (acting under clause 1D.1 of Schedule 1 to the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 30 June 2005)*) has exempted the Australian Federal Police from the requirements under Appendix A of the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 30 June 2005)* in respect of activities relating to sensitive operational units of the Australian Federal Police.

Except for the disclosure of the activities exempted by the Minister for Finance and Administration, the financial 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 2005)*);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and
- Consensus Views of the Urgent Issues Group.

The Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets which are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 13).

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2005

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 2003-04.

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 2004-05.

Appropriations receivable are recognised at their nominal amounts.

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.

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.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2005

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 Statements) are recognised directly in contributed equity in that year.

Dividends

The 1995 Memorandum of Understanding between the Department of Finance and Administration (DoFA) and the then Australian Protective Service (APS), now Australian Federal Police – Protective Service – (AFPPS) was revoked. However, DoFA specifies that the Government's position on seeking profit share via dividend arrangements has not been altered. AFPPS will be able to earn nominal interest to offset against competitive neutrality and dividend payments. AFPPS is currently reviewing this policy with DoFA.

Other distributions to owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend.

1.6 Employee Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for wages and salaries (including non-monetary benefits), annual leave 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 (AFPPS – April 2003). The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2005

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.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year and superannuation on-costs on leave provisions.

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.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2005

1.8 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.

1.9 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.

1.10 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.

1.11 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 leasehold improvements).

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2005

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.

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
Leasehold Improvements	Depreciated Replacement Cost
Plant and equipment	Market selling price and Depreciated Replacement Cost

- Frequency

Land and building assets are subject to a formal valuation every three years. Plant and equipment assets are subject to a formal revaluation every three years. Formal valuations are carried out by an independent qualified valuer.

Freehold land, buildings on freehold land and leasehold improvements subject to formal valuations are each revalued in total every three 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 2005

Depreciation and amortisation rates applying to each class of depreciable asset are based on the following useful lives:

	<u>2004-05</u>	<u>2003-04</u>
Buildings*	2 to 25 years	2 to 25 years
Plant and equipment*	2 to 10 years	2 to 10 years
Leasehold improvements	max. 10 years	max. 10 years
Intangibles	3 to 7 years	3 to 5 years

** It is to be noted that assets deployed to the Solomon Islands and PNG have a useful life of 2 years.*

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 5C.

1.12 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, 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 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 2005. 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:

	<u>2004-05</u>	<u>2003-04</u>
• Internally developed software	5-7 years	5-7 years
• Externally acquired software	3-5 years	3-5 years

1.14 Inventories

Inventories held by Australian Federal Police Protection Service (AFPPS) are valued using a weighted average basis. All other consumable stores and supplies are immaterial and have not been capitalised.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2005

1.15 Taxation/Competitive Neutrality

The AFP, except for the commercial activities of the AFPPS, is exempt from all forms of taxation except fringe benefits tax (FBT) and the goods and services tax (GST).

Revenues, expenses and net assets 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 AFPPS is required to apply competitive neutrality provisions to its commercial activities in accordance with the Competition Principles Agreement of 1995 and the Commonwealth guidelines, Competitive Neutrality Policy Statement (CNPS) 1996. The payment of competitive neutrality is based on a corporate tax and payroll tax equivalence.

1.16 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 is insured for risks through the Australian Government's insurable risk managed fund, called 'Comcover'. Worker's compensation is arranged through the governments' insurer (Comcare Australia).

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2005

Note 2 - Adoption of Australian 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 Australian Equivalents to International Financial Reporting Standards (AEIFRS). The International Financial Reporting Standards 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, including reporting periods ending on 30 June 2005.

The purpose of issuing AEIFRS is to enable Australian reporting entities reporting under the *Corporations Act 2001* to be able to more readily access overseas capital markets by preparing their financial reports according to accounting standards more widely used overseas.

For-profit entities complying with AEIFRS will be able to make an explicit and unreserved statement of compliance with International Financial Reporting Standards (IFRS) as well as a statement that the financial report has been prepared in accordance with Australian Accounting Standards.

AEIFRS contain certain additional provisions that will apply to not-for-profit entities, including Australian Government agencies. Some of these provisions are in conflict with IFRS, and therefore The AFP will only be able to assert that the financial report has been prepared in accordance with Australian Accounting Standards.

AAS 29 *Financial Reporting by Government Departments* will continue to apply under AEIFRS.

Accounting Standard AASB 1047 *Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards* requires that the financial statements for 2004-05 disclose:

- an explanation of how the transition to AEIFRS is being managed;
- narrative explanations of the key policy differences arising from the adoption of AEIFRS;
- any known or reliably estimable information about the impacts on the financial report had it been prepared using AEIFRS; and
- if the impacts of the above are not known or reliably estimable, a statement to that effect.

Where an entity is not able to make a reliable estimate, or where quantitative information is not known, the entity should update the narrative disclosures of the key differences in accounting policies that are expected to arise from the adoption of AEIFRS.

The purpose of this Note is to make these disclosures.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2005

Management of the transition to AEIFRS

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 2005.
 - 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.
 - The AFP prepared a transitional balance sheet as at 1 July 2004, under AASB Equivalents in May 2005.
 - Preparations 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

AFP believes that the first financial report prepared under AEIFRS ie at 30 June 2006, will be prepared on the basis that AFP will be a first time adopter under AASB1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. Changes in accounting policies under AEIFRS are applied retrospectively i.e. as if the new policy had always applied except in relation to exemptions available and prohibitions under AASB 1. This means that an AEIFRS compliant balance sheet has to be prepared as at 1 July 2004. This will enable the 2005-06 financial statements to report comparatives under AEIFRS.

A first time adopter of AEIFRS may elect to use exemptions under paragraphs 13 to 25E. When developing the accounting policies applicable to the preparation of the 1 July opening balance sheet, no exemptions were applied by AFP. Changes to major accounting policies are discussed in the following paragraphs.

Management's review of the quantitative impacts of AEIFRS represents the best estimates of the impacts of the changes as at reporting date. The actual effects of the impacts of AEIFRS may differ from these estimates due to:

- continuing review of the impacts of AEIFRS on the AFP operations;
- potential amendments to the AEIFRS and AEIFRS Interpretations; and
- emerging interpretation as to the accepted practice in the application of AEIFRS and the AEIFRS Interpretations.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2005

Assessing the Impact of AEIFRS on the Financial Statements

The following section outlines the impact on the 30 June 2005 Financial Statements as a result of AEIFRS.

Property plant and equipment

It is expected that the 2005-06 *Finance Minister's Orders* will continue to require property, plant and equipment assets to be valued at fair value in 2005-06.

Under the new AASB Equivalent Standard AFP needs to recognise an initial estimate of the costs of dismantling and removing an item and restoring the site on which it is located as an asset. The estimated impact of recognising the asset and the accumulated amortisation on AFP lease restorations is to increase land and buildings by \$1,799,000¹ as at 30 June 2005. Furthermore in 2004/05 a lease restoration cost was waived by a lessor resulting in the asset related to this lease restoration would have been written off and the estimated asset write-off would have been \$166,000². Estimated amortisation expenses on the lease restoration assets for 04/05 would have been \$775,000³. Furthermore, in 03/04 had AEIFRS been in place there would have been estimated increase in land and buildings of \$2,556,000⁴ as a result the recognition of the lease restoration asset.

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. The AFP does not have any re-valued software in its asset register or any intangibles excluding software.

Impairment of Intangibles and Property, Plant and Equipment

AFP's policy on impairment of non-current assets is at Note 1.12

Under AEIFRS, 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.

An impairment assessment of the AFP's assets indicated that no adjustments will be required.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2005

Inventory

The AFP recognises inventory that is not held for resale at cost, except where it is no longer required and the 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.

An assessment was made and it was found that in all instances the current replacement cost of inventory was equal or greater than the original cost. Therefore no adjustment is required.

Employee Benefits

The provision for long service leave is measured at the present value of estimated future cash outflows using market yields as at the reporting date on Federal Government bonds.

The 2003-04 Financial Report noted that the AEIFRS standards may require the market yield on corporate bonds to be used. The AASB has decided that a deep market in high quality corporate bonds does not exist and therefore Federal Government bonds will be referenced.

AEIFRS require that annual leave that is not expected to be taken within 12 months of balance date to be discounted. After assessing the staff leave profile, the AFP estimates that a reduction of \$246,000⁵ will be required to the leave provision to take account of this discounting. An increase in leave expense in 04/05 of \$173,000⁶ would have occurred under AEIFRS. In 2003-04 the estimated impact would have been a reduction in the leave provision of \$74,000⁷.

Provision for Lease Restorations

The new AASB equivalent requires the provision to be discounted to recognise the passage of time and a borrowing cost expense to measure the movement in the provision. Under GAAP the AFP have expensed the movements in the provision to suppliers expense. The estimated net effect of applying the new standard would be a decrease in the lease restoration provision of \$186,000⁷, an increase to other revenue of \$176,000⁸ (in relation to lease restoration costs that were waived by the lessor), a decrease in suppliers expense of \$265,000⁹ and a borrowing cost expense of \$399,000¹⁰. In 2003-04 the estimated impact would have been a reduction in other provisions of \$1,070,000¹¹.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2005

Financial Instruments

AEIFRS include an option for entities not to restate comparative information in respect of financial instruments in the first AEIFRS report. It is expected that Finance Minister's Orders will require entities to use this option. Therefore, the amounts for financial instruments presented in the AFP's 2004-05 primary financial statements are not expected to change as a result of the adoption of AEIFRS.

The AFP will be required by AEIFRS to review the carrying amounts of financial instruments at 1 July 2005 to ensure they align with the accounting policies required by AEIFRS. It is expected that the carrying amounts of financial instruments held by The AFP will not materially change as a result of this process.

Estimated Impact under AEIFRS – Statement of Financial Position

	Closing 2003/04 As per GAAP	Closing 2003/04 AEIFRS Adjustments (Estimate)		Closing 2004/05 As Per GAAP	Closing 2004/05 AEIFRS Adjustments (Estimate)
Statement of Financial Position					
ASSETS			Ref		Ref
Financial Assets					
Cash	59,747			27,965	
Receivables	176,058			286,819	
Total financial assets	235,805	-		314,784	-
Non-financial Assets					
Land and buildings	3,974	2,556 ⁴		25,672	1,799 ¹
Infrastructure, plant and equipment	80,448			64,216	
Intangibles	13,793			12,546	
Inventories	312			478	
Other	12,414			6,725	
Total non-financial assets	110,941	2,556		109,637	1,799
TOTAL ASSETS	346,746	2,556		424,421	1,799
LIABILITIES					
Provisions					
Employees	97,589	(74) ⁷		119,223	(246) ⁵
Other provisions	16,032	(1,070) ¹¹		8,134	(186) ⁸
Total provisions	113,621	(1,144)		127,357	(432)
Payables					
Suppliers	31,737			38,681	
Other Payables	3,573			4,097	
Dividend	2,175			358	
Total payables	37,485	-		43,136	-
Tax Liabilities					
Tax Liabilities equivalent	619			5,544	
TOTAL LIABILITIES	151,725	(1,144)		176,037	(432)
NET ASSETS	195,022	3,700		248,384	2,231
EQUITY					
Contributed equity	170,111			199,843	
Reserves	13,105			12,749	
Retained Surpluses/(Accumulated deficits)	11,804	3,700		35,792	2,231
Total Equity	195,020	3,700		248,384	2,231

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2005

Estimated Impact under AEIFRS – Statement of Financial Performance

	Closing 2003/04 As per GAAP	Closing 2003/04 AEIFRS Adjustments (Estimate)	Closing 2004/05 as Per GAAP	Closing 2004/05 AEIFRS Adjustments (Estimate)	Ref
Statement of Financial Performance					
Revenues from ordinary activities					
Revenues from Government			611,954		
Goods and services			202,619		
Interest			-		
Revenue from sales of assets			46		
Reversal of previous asset write-downs			-		
Other Revenues			18,216	176	8
Revenues from ordinary activities			<u>832,835</u>	<u>176</u>	
Expenses from ordinary activities (excluding borrowing cost expense)					
Employees			469,415	173	6
Suppliers			291,586	(265)	9
Depreciation and amortisation			39,210	775	3
Write-down of assets			1,354	166	2
Value of assets disposed			364		
Expenses from ordinary activities (excluding borrowing costs expense)			<u>801,929</u>	<u>849</u>	
Borrowing Cost Expense			-	399	10
Net surplus/(deficit) from ordinary activities before income tax			<u>30,905</u>	<u>(1,072)</u>	
Competitive Neutrality Expense			6,560		
Net surplus/(deficit) from ordinary activities after income tax			<u>24,345</u>	<u>(1,072)</u>	
Net credit(debit) to asset revaluation reserve			<u>(356)</u>		
Total revenues, expenses and valuation adjustments recognised directly in equity			<u>(356)</u>	<u>-</u>	
Total changes in equity other than those resulting from transactions with the Australian Government as owners			<u>23,989</u>	<u>(1,072)</u>	

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2005

Note 3 – Events occurring after Balance Date

No significant events have occurred since the reporting date requiring disclosure in the financial statements.

AUSTRALIAN FEDERAL POLICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2005

	2004-05 \$'000	2003-04 \$'000
Note 4: Operating Revenues		
<u>Note 4A: Revenues from Government</u>		
Appropriations for outputs	611,954	557,671
Total revenues from government	611,954	557,671
<u>Note 4B: Goods and Services</u>		
Goods	19	19
Services	202,600	206,923
Total sales of goods and services	202,619	206,942
Provision of goods to:		
Related entities	3	3
External entities	16	16
Total sales of goods	19	19
Rendering of services to:		
Related entities	78,117	83,003
External entities	124,483	123,920
Total rendering of services	202,600	206,923
<u>Note 4C: Interest Revenue</u>		
Interest on deposits	-	865
<u>Note 4D: Net Loss from Disposal of Assets</u>		
Infrastructure, Plant and Equipment		
Proceeds from sale	20	17
Net book value at sale	(357)	(211)
Write-offs	-	-
Net gain/(loss) from disposal of infrastructure, plant and equipment	(337)	(194)
TOTAL proceeds from disposals	20	17
TOTAL value of assets disposed	(357)	(211)
TOTAL net gain/(loss) from disposal of assets	(337)	(194)

AUSTRALIAN FEDERAL POLICE**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS***For the year ended 30 June 2005*

	2004-05	2003-04
	\$'000	\$'000
Note 4: Operating Revenues (con't)		
<u>Note 4E: Other Revenues</u>		
Handgun Buyback scheme	-	1,427
Ausaid project	2,524	1,155
Indonesian Transnational Crime Centre	1,597	720
Motor vehicle recovery	36	11
Resources received free of charge	380	807
Asset recognition	-	209
Reduction in makegood provision *	7,824	-
Legal projects	248	-
Australian Defence Force support	1,769	-
Other revenues	3,884	2,164
	18,262	6,493

*The majority of the reduction in provision relates to a revised lease arrangement where previous lease restoration provisions were waived.

AUSTRALIAN FEDERAL POLICE**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS***For the year ended 30 June 2005*

	2004-05	2003-04
	\$'000	\$'000
Note 5: Operating Expenses		
<u>Note 5A: Employee Expenses</u>		
Wages and salaries	327,850	307,394
Superannuation	58,834	47,653
Leave and other entitlements	59,867	48,337
Separation and redundancies	610	568
Other employee expenses	8,726	3,200
<i>Total employment benefits expense</i>	455,887	407,152
Workers compensation premiums	13,528	13,652
<i>Total employee expenses</i>	469,415	420,804
 <u>Note 5B: Suppliers Expenses</u>		
Goods from related entities	1,657	2,918
Goods from external entities	26,106	27,796
Services from related entities	21,813	15,963
Services from external entities	198,016	125,007
Operating lease rentals *	43,687	44,288
Other	335	3,692
<i>Total supplier expenses</i>	291,614	219,664

* These comprise minimum lease payments only

AUSTRALIAN FEDERAL POLICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2005

	2004-05	2003-04
	\$'000	\$'000
Note 5: Operating Expenses (cont.)		
<u>Note 5C: Depreciation and Amortisation</u>		
<i>Depreciation</i>		
Other infrastructure, plant and equipment	35,265	28,127
Buildings	126	123
<i>Total Depreciation</i>	35,391	28,250
<i>Amortisation</i>		
Intangibles - Computer software	3,819	3,527
<i>Total depreciation and amortisation</i>	39,210	31,777

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	114	112
Buildings on freehold land	12	11
Leasehold improvements	12,270	10,240
Plant and equipment	22,995	17,887
Intangibles	3,819	3,527
<i>Total</i>	39,210	31,777

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	402	184
--------------------------------	-----	-----

Non-financial assets

Plant & equipment - write down	-	-
Plant & equipment - write-off on disposal	-	87
Intangibles - write-off	952	3,507
Provision for obsolete inventories	-	26
<i>Total write-down of assets</i>	1,354	3,804

AUSTRALIAN FEDERAL POLICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2005

	2004-05 \$'000	2003-04 \$'000
Note 6: Competitive Neutrality Expense		
Payroll tax equivalence	3,656	3,544
Income tax equivalent	2,904	3,151
Total competitive neutrality expense	6,560	6,695
Note 7: Financial Assets		
<u>Note 7A: Cash</u>		
Departmental (other than special accounts)	21,185	17,847
Special account	6,780	41,900
Total cash	27,965	59,747
<u>Note 7B: Receivables</u>		
Goods and services	18,228	13,676
Less: Provision for doubtful debts	(602)	(334)
	17,626	13,342
GST receivable from the Australian Taxation Office	1,152	1,282
Accrued income	1,563	340
Other debtors	2,417	2,090
Appropriation receivable undrawn	264,061	159,004
Total receivables (net)	286,819	176,058
Receivables (gross) are aged as follows:		
Not overdue	284,291	174,912
Overdue by:		
Less than 30 days	1,632	760
30 to 60 days	330	126
60 to 90 days	81	251
More than 90 days	1,087	343
	3,130	1,480
Total receivables (gross)	287,421	176,392
The provision for doubtful debts is aged as follows:		
Not overdue	-	-
Overdue by:		
Less than 30 days	(6)	-
30 to 60 days	-	-
60 to 90 days	-	(4)
More than 90 days	(596)	(330)
Total provision for doubtful debts	(602)	(334)

AUSTRALIAN FEDERAL POLICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2005

	2004-05 \$'000	2003-04 \$'000
Note 8: Non-financial assets		
<u>Note 8A - Land and Buildings</u>		
Land		
- freehold land - at fair value	132	132
- leasehold land - at fair value	130	130
Total land	262	262
Buildings on freehold land		
- at fair value	262	274
Total buildings on leasehold land	262	274
Buildings on leasehold land		
- at fair value	2,332	2,220
- work in progress - at cost	923	1,218
Total buildings on leasehold land	3,255	3,438
Leasehold Improvements		
- at fair value	20,698	23,398
- work in progress - at cost	1,195	-
Total leasehold improvements	21,893	23,398
Total land and buildings	25,672	27,372
<u>Note 8B: Infrastructure, Plant and Equipment</u>		
Plant and equipment		
- at fair value	61,977	49,479
- work in progress - at cost	2,239	7,572
Total Infrastructure, Plant and Equipment (non-current)	64,216	57,051
<u>Note 8C: Intangibles</u>		
Computer software		
- purchased (including modification costs)	3,057	3,192
- internally developed	9,489	10,601
Total Intangibles	12,546	13,793

Computer software is recorded at cost. Internally developed software and enhancements to purchased software includes related employee expenses and administrative expenses.

All formal revaluations are independent and are conducted in accordance with the revaluation policy stated at note 1.

Fair valuation was conducted by an independent valuer - Australian Valuation Office. Assets purchased after the valuation date is deemed to be at fair value.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2005

Note 8D: Analysis of Property, Plant, Equipment and Intangibles

TABLE A - Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

Item	Leasehold land \$'000	Freehold Land \$'000	Buildings on Freehold land \$'000	Buildings on Leasehold land \$'000	Leasehold Improvements \$'000	Total Leasehold Land & Buildings \$'000	Plant & Equipment \$'000	Computer software - Total intangibles \$'000	TOTAL \$'000
As at 1 July 2004									
Gross book value	130	132	401	3,550	34,876	39,089	77,923	26,773	143,785
Accumulated depreciation/amortisation	-	-	(127)	(112)	(10,283)	(10,522)	(22,067)	(12,981)	(45,570)
Net book value	130	132	274	3,438	24,593	28,567	55,856	13,792	98,215
Additions:									
by purchase	-	-	-	1,396	8,119	9,515	32,208	3,581	45,304
Net revaluation increment/(decrement)	-	-	-	-	-	-	(1,435)	-	(1,435)
Depreciation/amortisation expense	-	-	(12)	(114)	(12,270)	(12,396)	(22,995)	(3,819)	(39,210)
Adjustments	-	-	-	(100)	(12)	(112)	24	(122)	(210)
Transfers	-	-	-	(1,365)	1,459	94	(164)	70	-
Revaluation adjustment (Depreciation/amortisation)	-	-	-	-	-	-	1,079	-	1,079
Transfers (Depreciation/amortisation)	-	-	-	-	4	4	(6)	2	-
Disposals / Write-offs:									
Write-offs	-	-	-	-	-	-	-	(952)	(952)
Disposals	-	-	-	-	(16)	(16)	(1,330)	(6,473)	(7,819)
Write-offs (Depreciation/amortisation)	-	-	-	-	-	-	-	-	-
Disposals (Depreciation/amortisation)	-	-	-	-	16	16	979	6,467	7,462
As at 30 June 2005									
Gross book value	130	132	401	3,481	44,426	48,570	107,299	22,877	178,746
Accumulated depreciation/amortisation	-	-	(139)	(226)	(22,533)	(22,898)	(43,083)	(10,331)	(76,312)
Net book value	130	132	262	3,255	21,893	25,672	64,216	12,546	102,434

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2005

Note 8D: Analysis of Property, Plant, Equipment and Intangibles (cont)

TABLE B - Assets at valuation

Item	Leasehold Land \$'000	Freehold Land \$'000	Buildings on Leasehold Land \$'000	Buildings on Freehold Land \$'000	Leasehold Improvements \$'000	Total Land & Buildings \$'000	Plant & Equipment \$'000	TOTAL \$'000
As at 30 June 2005								
Gross value	130	132	2,559	401	43,251	46,473	105,060	151,533
Accumulated depreciation/amortisation	-	-	(227)	(139)	(22,553)	(22,919)	(43,083)	(66,002)
Net Book Value	130	132	2,332	262	20,698	23,554	61,977	85,531
As at 30 June 2004								
Gross value	130	132	2,634	401	33,681	36,978	79,118	116,096
Accumulated depreciation/amortisation	-	-	(112)	(128)	(10,294)	(10,534)	(22,067)	(32,601)
Net Book Value	130	132	2,522	273	23,387	26,444	57,051	83,495

TABLE C - Assets under construction

Item	Buildings on Leasehold Land	Leasehold Improvements	Plant & Equipment	TOTAL
	\$'000	\$'000	\$'000	\$'000
As at 30 June 2005	923	1,195	2,239	4,357
As at 30 June 2004	1,218	0	7,572	8,790

Note 8E: Other Non-financial Assets

Prepayments

Inventories

Inventories not held for resale

Less: Provision for obsolete stock

Total Inventories

All other non-financial assets are current assets

	2004-05	2003-04
	\$'000	\$'000
	6,725	12,412
	509	340
	(31)	(28)
	478	312

AUSTRALIAN FEDERAL POLICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2005

	2004-05 \$'000	2003-04 \$'000
Note 9: Provisions		
<u>Note 9A: Employee Provisions</u>		
Salaries and wages	4,656	3,558
Leave	105,365	89,719
Superannuation	7,278	404
Separations and redundancies	-	63
Other	1,924	2,974
Aggregate employee entitlement liability	119,223	96,718
Workers' compensation	-	871
Aggregate employee entitlement liability and related on-costs	119,223	97,589
Employee Provisions are represented by:		
Current	48,039	42,247
Non-current	71,184	55,342
Total Employee provisions	119,223	97,589
<u>Note 9B: Other Provisions</u>		
Provision for Restoration of Lease Properties*	5,198	12,982
Provision for Disposal Expenses	2,156	1,615
Provision for Legal Settlements	780	1,435
Total other provisions	8,134	16,032
* Variance from prior year is a result of a revised lease arrangement that does not include a lease restoration requirement		
Other Provisions are represented by:		
Current	4,971	12,333
Non-current	3,164	3,699
Total Other provisions	8,134	16,032
Note 10: Payables		
<u>Note 10A - Supplier Payables</u>		
Trade creditors	38,541	31,101
Operating lease rentals	-	321
Lease Incentives	141	315
Total supplier payables	38,682	31,737
Supplier Payables are represented by:		
Current	38,664	31,596
Non-current	18	141
Total supplier payables	38,682	31,737

AUSTRALIAN FEDERAL POLICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2005

	2004-05	2003-04
	\$'000	\$'000
<u>Note 10B - Other Payables</u>		
Unearned income	3,357	3,035
Other payables	740	538
Total other payables	4,097	3,573

All other payables are current liabilities.

<u>Note 10C - Dividend Payable</u>		
Balance owing at 1 July	2,175	4,321
Dividend during the period	1,871	3,041
Dividend paid	(2,175)	(4,322)
Interest receivable offset*	(1,513)	(865)
Total dividend payable	358	2,175

* This year the interest receivable has been deducted from the dividend charged to equity whereas last year it was separately disclosed as revenue

The dividend payable is a current liability.

<u>Note 10D - Competitive Neutrality Payable</u>		
Balance owing at 1 July	619	4,477
Competitive neutrality expense	6,559	6,695
Competitive neutrality paid	(1,634)	(10,553)
Total competitive neutrality payable	5,544	619

The competitive neutrality payable is a current liability.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2005

Note 11: Equity

Note 11: Analysis of Equity

	Accumulated Results		Asset Revaluation Reserves		Contributed Equity		TOTAL EQUITY	
	2004-05 \$'000	2003-04 \$'000	2004-05 \$'000	2003-04 \$'000	2004-05 \$'000	2003-04 \$'000	2004-05 \$'000	2003-04 \$'000
Opening balance as at 1 July	11,804	(74,253)	13,105	17,256	170,111	133,340	195,020	76,343
Net surplus/(deficit)	24,345	89,103	-	-	-	-	24,345	89,103
Net revaluation increment/(decrement)	-	-	(356)	(4,151)	-	-	(356)	(4,151)
Transactions with owner:								
Distributions to owner								
Returns on Capital								
Dividends	(358)	(3,041)	-	-	-	-	(358)	(3,041)
Returns of Capital								
Returns of contributed equity	-	-	-	-	-	(14,400)	-	(14,400)
Contributions by owner:								
Appropriations (equity injections)	-	-	-	-	29,732	51,171	29,732	51,171
Adjustments	-	(6)	-	-	-	-	-	(6)
Closing balance as at 30 June	35,791	11,804	12,749	13,105	199,843	170,111	248,383	195,020
Less : outside equity interests	-	-	-	-	-	-	-	-
Total equity attributable to the Commonwealth	35,791	11,804	12,749	13,105	199,843	170,111	248,383	195,020

AUSTRALIAN FEDERAL POLICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2005

	2004-05 \$'000	2003-04 \$'000
Note 12: Cash Flow Reconciliation		
Reconciliation of cash per Statement of Financial Position to Statement of Cash Flows		
Cash at year end per Statement of Cash Flows	27,965	59,747
Statement of Financial Position items comprising above		
Cash: 'Financial Asset - Cash'	27,965	59,747
Reconciliation of net surplus to net cash provided from operating activities:		
Net surplus/(deficit)	24,345	89,103
Return on Contributed Equity	-	(14,400)
Depreciation/amortisation	39,210	31,777
Net write down of non-financial assets	1,087	3,595
Asset recognition	-	(633)
Gain on disposal of assets	-	(1)
Loss on disposal of assets	337	195
Decrease/(Increase) in inventories	-	(237)
Provision for doubtful debts	267	65
Reduction in Provisions	(8,439)	-
Decrease/(Increase) in receivables	(75,465)	14,634
(Increase)/ Decrease in prepayments	5,686	(1,216)
Increase (decrease) in employee liabilities	21,634	(304)
Increase in other provisions	-	7,480
Increase in supplier payables	7,146	8,338
Increase in other liabilities	5,678	(2,570)
Net cash from (used by) operating activities	21,486	135,826

Note 13: Contingent Liabilities and Assets*Quantifiable Contingencies*

The Schedule of Contingencies reports contingent liabilities in respect of claims for damages/costs of \$2.995m (2004: \$1.195m). The amount represents an estimate of the AFP's liability based on precedent cases. The AFP is defending the claims and did not recognise this as a liability as the probability of an unfavourable outcome is less likely rather than more likely

Remote Contingencies

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.

Unquantifiable Contingencies

As at 30 June 2005, 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.

As at 30 June 2005, the AFP were in negotiations with the Australian Taxation Office (ATO) in relation to an underpayment of their Fringe Benefits Tax (FBT) liability for the FBT years end 31 March 2003 and 31 March 2004. The AFP had made a voluntary disclosure of the underpayment of the liability for previous years. Negotiations are ongoing in regards the actual amount to be repaid to the ATO and any associated penalties. As at 30 June 2005 it was not possible to provide a reasonable estimate of these amounts.

AUSTRALIAN FEDERAL POLICE**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS***For the year ended 30 June 2005*

	2004-05	2003-04
	Number	Number
Note 14: Executive Remuneration		
The number of Executives who received or were due to receive total remuneration of \$100,000 or more:		
\$110,000 to \$119,999	-	1
\$120,000 to \$129,999	1	-
\$130,000 to \$139,999	2	2
\$140,000 to \$149,999	2	3
\$150,000 to \$159,999	2	8
\$160,000 to \$169,999	8	11
\$170,000 to \$179,999	4	5
\$180,000 to \$189,999	6	4
\$190,000 to \$199,999	8	1
\$200,000 to \$209,999	4	2
\$210,000 to \$219,999	5	3
\$220,000 to \$229,999	1	1
\$230,000 to \$239,999	4	1
\$250,000 to \$259,999	-	1
\$260,000 to \$269,999	1	-
\$270,000 to \$279,999	2	-
\$310,000 to \$319,999	1	1
\$380,000 to \$389,999	-	1
\$430,000 to \$439,999	1	-
 The aggregate amount of total remuneration of executives shown above.	10,295,341	8,156,661
Compensation/in lieu of notice only	-	150,497
Note 15: Remuneration of Auditors		
Financial statement audit services were provided free of charge to the AFP by the ANAO. The fair value of the services provided was:	<u>370,000</u>	<u>317,000</u>
Additional services provided and charged by the Auditor-General:	<u>62,000</u>	<u>58,000</u>
Note 16: Average Staffing Levels		
The average staffing levels for the Agency during the year were:	<u>4,778</u>	<u>4,651</u>

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2005

Note 17: Financial Instruments

Note 17A: Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate	Fixed Interest Rate Maturing in				Non-Interest Bearing	Total		Weighted Average Effective Interest Rate
			1 year or less	1 to 2 years	2 to 5 years	> 5 years				
		04-05 03-04 \$'000	04-05 03-04 \$'000	04-05 03-04 \$'000	04-05 03-04 \$'000	04-05 03-04 \$'000	04-05 03-04 \$'000	04-05 03-04 \$'000	04-05 03-04 \$'000	04-05 03-04 \$'000
Financial Assets										
Cash at bank and on hand	7A	-	-	-	-	-	27,965	59,747	27,965	0.0
Receivables for goods and services (gross)	7B	-	-	-	-	-	18,228	13,676	18,228	n/a
Accrued income	7B	-	-	-	-	-	1,563	340	1,563	n/a
Other debtors	7B	-	-	-	-	-	2,417	2,090	2,417	n/a
Appropriation receivable	7B	-	-	-	-	-	264,061	159,004	264,061	n/a
Total		-	-	-	-	-	314,234	234,857	314,234	n/a
Total Assets									424,421	346,745
Financial Liabilities										
Lease restorations	9B	-	-	-	-	-	5,198	12,982	5,198	n/a
Lease incentives	10A	-	-	-	-	-	141	315	141	n/a
Provision for disposal expenses	9B	-	-	-	-	-	2,156	1,615	2,156	n/a
Provision for legal settlements	9B	-	-	-	-	-	780	1,435	780	n/a
Trade creditors	10A	-	-	-	-	-	38,541	31,101	38,541	n/a
Operating lease rentals	10A	-	-	-	-	-	-	321	-	n/a
Dividend payable	10C	-	-	-	-	-	358	2,175	358	n/a
Competitive neutrality payable	10D	-	-	-	-	-	5,544	619	5,544	n/a
Other	10B	-	-	-	-	-	4,097	3,573	4,097	n/a
Total		-	-	-	-	-	56,815	54,136	56,815	n/a
Total Liabilities									176,038	151,725

There are several unlimited indemnities issued by AFP to support commercial operation. There is no likelihood of any one of the indemnities being called upon.

AUSTRALIAN FEDERAL POLICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2005

Note 17: Financial Instruments (cont.)Note 17B: Net Fair Values of Financial Assets and Liabilities

Notes	2004-05		2003-04		
	Total carrying amount	Aggregate net fair value	Total carrying amount	Aggregate net fair value	
	\$'000	\$'000	\$'000	\$'000	
Departmental					
Financial Assets					
Cash at bank	7A	27,965	27,965	59,747	59,747
Receivables for goods and services (gross)	7B	17,626	17,626	13,676	13,676
Accrued income	7B	1,563	1,563	340	340
Other receivables	7B	2,417	2,417	2,090	2,090
Appropriation receivable	7B	264,061	264,061	159,004	159,004
Total Financial Assets		313,632	313,632	234,857	234,857
Financial Liabilities (Recognised)					
Lease restorations	9B	5,198	5,198	12,982	12,982
Lease incentives	10A	141	141	315	315
Provision for disposal expenses	9B	2,156	2,156	1,615	1,615
Provision for legal settlements	9B	780	780	1,435	1,435
Trade creditors	10A	38,541	38,541	31,101	31,101
Operation lease rentals	10A	-	-	321	321
Dividend payable	10C	358	358	2,175	2,175
Competitive neutrality payable	10D	5,544	5,544	619	619
Other	10B	4,097	4,097	3,573	3,573
Total Financial Liabilities (Recognised)		56,815	56,815	54,136	54,136

Financial Assets

The net fair values of cash and non-interest-bearing monetary financial assets approximate their carrying amounts.

Financial Liabilities

The net fair values of the lease incentive liabilities are based on discounted cash flows using current interest rates for liabilities with similar risk profiles.

The net fair values for trade creditors are approximated by their carrying amounts.

The net fair values of 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 2005*

Note 17: Financial Instruments (cont.)Note 17C: Credit Risk Exposures

The AFP's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Performance.

The AFP has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

AUSTRALIAN FEDERAL POLICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2005

Note 18: Appropriations

Note 18A: Cash Basis Acquittal of Appropriations from Acts 1 and 3

Particulars	Departmental Outputs
Year ended 30 June 2005	\$'000
Balance carried forward from previous year	145,752
Reductions of appropriations (prior years)	-
Unspent prior year appropriations - invalid s31 ¹	(145,752)
Adjusted Balance carried for previous period	-
Appropriation for reporting period Act (No. 1) 2004-2005	711,535
Appropriation for reporting period Act (No. 3) 2004-2005	30,499
Appropriation (Tsunami Financial Assistance) Bill 2004-05	4,920
Departmental Adjustments by Finance Minister (Appropriation Acts)	-
Comcover receipts (Appropriation Act s13)	34
Advance to the Finance Minister	-
Refunds credited (FMAA s30)	-
Appropriations reduced by section 9 determinations (current year)	(149,400)
Sub-Total 2004-05 Annual Appropriation	597,588
Appropriations to take account of recoverable GST (FMAA s30A)	10,212
Annotations to 'net appropriations' (FMAA s31)	65,686
30 June 2005 variation - Invalid s31 ²	197,362
Total appropriations available for payments	870,848
Cash payments made during the year (GST inclusive)	(629,208)
Appropriations credited to Special Account (excluding GST)	(62,500)
Balance of authority to Draw Cash from the CRF for Ordinary Annual Services Appropriation	179,140
<i>Represented by:</i>	
Cash	9,944
Receivables - Departmental Appropriations	170,650
Receivables - GST receivable from customers	1,730
Receivables - GST receivable from ATO	319
Receivable - departmental appropriations - drawing rights withheld by the Finance Minister (FMAA s27(4))	-
Formal reductions of appropriations	-
Receivables - departmental appropriations (appropriation for additional outputs)	-
Payables - GST payable	(3,504)
Total	179,140

Year ended 30 June 2004 (comparative period)

Balance carried forward from previous year	36,612
Appropriation Act (No. 1) 2003-2004	415,668
Appropriation Act (No. 3) 2003-2004	142,003
Departmental adjustments by the Finance Minister (Appropriation Acts)	-
Advance to the Finance Minister	-
Refunds credited (FMA s30)	-
Appropriations to take account of recoverable GST (FMAA s30A)	17,353
Annotations to 'net appropriations' (FMA s31)	112,273
Other cash Adjustments (please describe)	-
Adjustments of appropriations on change of entity function (FMAA s32)	-
Appropriation lapsed	-
Total appropriations available for payments	723,909
Payments made during the year (GST Inclusive)	578,157
Appropriations credited to Special Accounts (excluding GST)	-
Balance carried forward to next year	145,752
Balance carried forward to next year	145,752

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2005

Note 18: Appropriations

Note 18A: Cash Basis Acquittal of Appropriations from Acts 1 and 3 (Continued)

Footnotes:

(1) Under Section 31 of the Financial Management and Accountability ACT 1997 (the FMA Act), the Finance Minister may enter into a net appropriation agreement with an agency Minister. Appropriation Acts nos. 1 and 3 (for the ordinary annual services of government) authorise the supplementation of an agency's annual net appropriation by amounts received in accordance with its Section 31 Agreement eg, receipts from charging for goods and services.

One of the conditions that must be satisfied under Section 31 of the FMA Act in order for an annual net appropriation to be increased lawfully in this way is that the Agreement is made between the Finance Minister and the agency Minister or by officials expressly delegated (where permitted) or authorised by them. An agency's Chief Executive is taken to be so authorised.

The Delegate of the Finance Minister and the AFP Chief Finance Officer for and behalf of the Minister for Justice executed a Section 31 Agreement covering the period 1 July 1998 to 30 June 1999. Subsequently an officer of the Department of Finance and Administration for and behalf of the Finance Minister and the acting AFP Chief Finance Officer for and behalf of the Minister for Justice and Customs executed a Section 31 Agreement covering the period 1 July 1999 to 6 December 2004. Whilst the AFP have operated and recorded Section 31 monies as though a valid agreement existed, the AFP did not have an express delegation or authority for signing the agreement, with the result that the agreement was ineffective and the AFP did not have control over Section 31 monies.

The AFP's current Section 31 Agreement was made on the 10 December 2004 between the AFP Commissioner and the Division Manager Budget, as delegate of the Finance Minister. The agreement was made with effect from 7 December 2004.

Acknowledging the ineffectiveness of the prior agreements from 1 July 1998 to 6 December 2004, the 7 December 2004 agreement was varied on 24 June 2005, with effect from 30 June 2005, to capture retrospectively all monies that were subject to an ineffective prior agreement. This variation does not validate past breaches of section 83 of the Constitution.

Accordingly:

- amounts disclosed in previous financial years as available for spending under AFP Departmental outputs appropriations up to 30 June 2004 were overstated by \$570,885,000. Of this amount, \$145,752,000 was unspent as at 30 June 2004 and was incorrectly reflected in the balance brought forward to 1 July 2004;
- the 30 June 2005 variation to our agreement increased our appropriation by the amount of invalid receipts (\$622,495,000) - of this amount, \$443,355,000 is not available as it has already been spent;
- in addition, spending up to and including 30 June 2004 totalling \$425,133,000 and totalling \$18,223,000 in 2004-05, was made without the authority of Parliament, in contravention of Section 83 of the Constitution; and
- therefore, resulting in a breach of section 48 of the FMA Act.

A year-by-year analysis of overstatement of the Departmental output appropriations and overspending is given below.

	98-99 \$000	Total Pre-Accrual budgeting \$000	99-00 \$000	00-01 \$000	01-02 \$000	02-03 \$000	03-04 \$000	Sub-total \$000	04-05 \$000	Total 1 July 1999 to 30 June 2005 \$000
Receipts affected	73,814	73,814	82,275	97,046	97,199	108,278	112,273	570,885	51,611	622,495
Unspent / (Overspent)	-	-	54,795	(54,412)	8,887	27,341	109,141	145,752	33,388	179,140
Amount spent without appropriation	73,814	73,814	27,480	151,458	88,312	80,937	3,132	425,133	18,223	443,355

(2) This amount represents receipts of \$622,495,000 appropriated by the variation of 30 June 2005, less the amount spent prior to 2004-05 of \$425,133,000.

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL
STATEMENTS

For the year ended 30 June 2005

Note 18B: Appropriations

Note 18B: Cash Basis Acquittal of Appropriations from Acts 2 and 4

Particulars	Capital			Total
	Departmental			
	Equity	Loans	Previous years outputs	
	\$	\$	\$	\$
Year ended 30 June 2005				
Balance carried from previous year	58,061	-	-	58,061
Reduction of appropriations (prior years)	-	-	-	-
Adjusted balance carried from previous period	58,061	-	-	58,061
Appropriation Act (No. 2) 2004-2005	10,553	-	-	10,553
Appropriation Act (No. 4) 2004-2005	19,179	-	-	19,179
Departmental Adjustments and Borrowings	-	-	-	-
Adjustments determined by the Finance Minister	-	-	-	-
Advance to the Finance Minister	-	-	-	-
Adjustment of appropriations on change of entity function	-	-	-	-
Refunds credited (net) (FMAA s30)	-	-	-	-
Appropriation reduced by a section 11 determination (current year)	-	-	-	-
Sub-total 2004-05 Annual Appropriation	87,793	-	-	87,793
Appropriations to take account of recoverable GST	286	-	-	286
Total appropriations available for payments	88,079	-	-	88,079
Cash payments made during the year (GST inclusive)	(18,797)	-	-	(18,797)
Appropriations credited to Special Accounts (GST exclusive)	-	-	-	-
Balance of Authority to Draw Cash from the CRF for Other Than Ordinary Annual Services Appropriations	69,282			69,282
Represented by:				
Cash at bank and on hand	11,241	-	-	11,241
Departmental Appropriation receivable	58,041	-	-	58,041
GST receivable from the ATO	-	-	-	-
Departmental appropriation receivable - Drawing rights withheld by the Finance Minister (FMAA s27(4))	-	-	-	-
Formal reductions of appropriation revenue	-	-	-	-
Departmental appropriation receivable (appropriation for additional outputs)	-	-	-	-
Undrawn unexpired administered appropriations				
Total	69,282	-	-	69,282

Year ended 30 June 2004 (Comparative Period)				
Balance carried from previous year	28,851	-	-	28,851
Appropriation Act (No. 2) 2003-2004	-	-	-	-
Appropriation Act (No. 4) 2003-2004	51,020	-	-	51,020
Adjustments by the Finance Minister	-	-	-	-
Advance to the Finance Minister	-	-	-	-
Refunds credited (FMAA s30)	-	-	-	-
Appropriations to take account of recoverable GST (FMAA s30A)	35	-	-	35
Other Cash Adjustments	-	-	-	-
Adjustment of appropriations on change of entity function (FMAA s32)	-	-	-	-
Appropriation Lapsed	-	-	-	-
Total appropriations available for payments	79,906	-	-	79,906
Cash payments made during the year (GST inclusive)	21,845	-	-	21,845
Appropriation credited to Special Accounts	-	-	-	-
Balance carried to next year	58,061	-	-	58,061

AUSTRALIAN FEDERAL POLICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2005

	2005 \$	2004 \$
Note 19A: Special Accounts		
Other Trust Monies Account		
<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>		
AFP Official Exhibit & Seized Monies and Manual Cheque Issue Exempt SPM Account		
Balance brought forward from previous year	1,150,612	1,234,437
Add: Adjustment to opening Balance	-	(6,416)
Add: Receipts during the year	1,941,798	1,103,191
	3,092,410	2,331,212
Less: Payments made during the year	1,956,446	1,180,600
Balance carried forward to next year	1,135,964	1,150,612
<i>Represented by:</i>		
Cash at bank	1,135,964	1,150,612
<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>		
AFP Official MPR & Warrants and Manual Cheque Issue SPM Accounts		
Balance brought forward from previous year	9,441	11,298
Add: Adjustment to opening Balance	-	(8,198)
Add: Receipts during the year	101,888	168,014
	111,329	171,114
Less: Payments made during the year	98,188	161,673
Balance carried forward to next year	13,141	9,441
<i>Represented by:</i>		
Cash at bank	13,141	9,441

AUSTRALIAN FEDERAL POLICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2005

	2005 \$	2004 \$
<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>		
AFP Official Salary Packaging Exempt SPM Account		
Balance brought forward from previous year	636,473	2,311,999
Add: Adjustment to opening Balance	-	(180,925)
Add: Receipts during the year	7,491,188	5,306,817
	8,127,661	7,437,891
Less: Payments made during the year	7,565,408	6,801,418
Balance carried forward to next year	562,252	636,473
<i>Represented by:</i>		
Cash at bank	562,252	636,473
Services for other Governments and Non-Agency Bodies Account		
<i>Legal Authority: Section 20 of the Financial Management and Accountability Act 1997</i>		
<i>Purpose - For the payment of moneys in connection with services performed on behalf of other governments and non-agency bodies.</i>		
AFP Official National Police Memorial Exempt SPM Trust Account		
Balance brought forward from previous year	163,534	-
Add: Receipts during the year	109,092	163,534
	272,626	163,534
Less: Payments made during the year	200,000	-
Balance carried forward to next year	72,626	163,534
<i>Represented by:</i>		
Cash at bank	72,626	163,534
<i>Legal Authority: Section 20 of the Financial Management and Accountability Act 1997</i>		
<i>Purpose - For the payment of moneys in connection with services performed on behalf of other governments and non-agency bodies.</i>		
AFP Official Comcare SPM Trust Account		
Balance brought forward from previous year	1,154,823	402,970
Add: Adjustment to opening balance	-	(2,317)
Add: Receipts during the year	3,565,791	3,140,879
	4,720,614	3,541,532
Less: Payments made during the year	2,923,816	2,386,709
Balance carried forward to next year	1,796,798	1,154,823
<i>Represented by:</i>		
Cash at bank	1,796,798	1,154,823

AUSTRALIAN FEDERAL POLICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2005

Australian Protective Service Account

Legal Authority: Section 20 of the Financial Management and Accountability Act 1997

Purpose - For expenditure in connection with the provision of guarding and related security services consistent with the Governments interest.

	2005	2004
	\$	\$
Balance carried from previous year	41,900,394	20,260,626
Appropriation	62,500,000	55,469,000
Cost recovered from non government sector		
Services-Rendering of services to external entities	29,263,967	25,063,213
Other receipts:		
Services-Rendering of services to related entities	72,161,698	88,986,385
Interest amounts credited	-	-
GST credits (FMAA s30A)	2,393,317	2,716,396
Asset disposal proceeds	-	1,920
Available for payments	208,219,376	192,497,540
Payments made to employees	(109,093,820)	(92,771,662)
Payments made to suppliers	(38,892,898)	(32,191,286)
GST Payments	(7,991,089)	(8,773,018)
Payments made for competitive neutrality	(1,634,967)	(10,553,578)
Purchase of assets	(6,280,306)	(1,986,913)
Dividend payments	(2,175,482)	(4,320,689)
Balance carried to next year	42,150,814	41,900,394
Represented by:		
Cash- held by the entity	6,779,814	41,900,394
Receivables - Departmental Appropriations	35,371,000	-
Add: Receivables - Goods and Services - GST Receivable from customers	-	-
Less: Other payables - Net GST payable to the ATO	-	-
Less: Payable - Suppliers - GST portion	-	-
Aggregate of Special Account Balance and Related Investments	42,150,814	41,900,394

AUSTRALIAN FEDERAL POLICE**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS***For the year ended 30 June 2005*

Note 19B: 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**The outstanding balance at this Special Account was incorrectly transferred to the AFP main account in November 2001. On advise from the Department of Finance and Administration the AFP has returned the outstanding monies to the Official Public Account on the 7th July 2005.***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*Legal Authority : Section 20 of the Financial Management and Accountability Act 1997**The outstanding balance at this Special Account was incorrectly transferred to the AFP main account in November 2001. On advise from the Department of Finance and Administration the AFP has returned the outstanding monies to the Official Public Account on the 7th July 2005.*

AUSTRALIAN FEDERAL POLICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2005

Note 20: 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 20A Net Cost of Outcome Delivery

	Outcome 1		Outcome 2		Total	
	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental expenses	717,137	596,451	91,373	86,504	808,510	682,955
Total expenses	717,137	596,451	91,373	86,504	808,510	682,955
<i>Costs recovered from provision of goods and services to the non-government sector</i>						
Departmental	34,763	36,720	89,720	87,216	124,483	123,936
Total costs recovered	34,763	36,720	89,720	87,216	124,483	123,936
<i>Other external revenues</i>						
Departmental						
Interest on cash deposits	-	1,089	-	-	-	1,089
Revenue from disposal of assets	20	17	-	-	20	17
Other	16,655	5,530	1,607	-	18,262	5,530
Goods and services revenue from related entities	78,136	83,006	-	-	78,136	83,006
Total Departmental	94,811	89,642	1,607	-	96,418	89,642
Total other external revenues	94,811	89,642	1,607	-	96,418	89,642
Net cost/(contribution) of outcome	587,563	470,089	46	(712)	587,609	469,377

The 2004/05 financial statements did not disclose Goods and services revenue from non related entities.

This has been corrected in the comparative figures for 2004/05 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. Refer to Outcome 1 Resourcing Table and 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 2005

Note 20: Reporting of Outcomes (cont.)

Note 20B - Major Departmental Revenues & Expenses by Output Groups

Outcome 1	Output Group 1.1		Output Group 1.2		Output Group 1.3		Output Group 1.4		Outcome 1 Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Departmental expenses										
Employees	190,173	171,013	41,533	38,721	68,305	57,035	100,023	96,597	400,034	363,366
Suppliers	125,550	49,961	22,990	6,869	90,596	105,881	31,542	28,868	270,678	191,579
Depreciation and amortisation	25,143	18,647	5,003	4,727	6,293	5,904	1,715	1,516	38,154	30,794
Other expenses	6,189	2,413	32	612	2,050	763	-	6,922	8,271	10,710
Total departmental expenses	347,055	242,034	69,558	50,929	167,244	169,583	133,280	133,903	717,137	596,449
Funded by:										
Revenues from governments	311,590	293,138	55,311	63,233	208,554	135,755	36,499	51,952	611,954	544,078
Sale of goods and services	31,411	15,645	20,313	3,375	1,538	7,246	59,637	93,460	112,899	119,726
Other revenue	5,689	2,992	591	645	35	1,386	10,360	1,613	16,675	6,636
Total departmental revenues	348,690	311,775	76,215	67,253	210,127	144,387	106,496	147,025	741,528	670,440

Outcome 2	Output Group 2.1		Outcome 2 Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Departmental expenses				
Employees	69,381	56,906	69,381	56,906
Suppliers	20,936	28,616	20,936	28,616
Depreciation and amortisation	1,056	983	1,056	983
Other expenses	-	-	-	-
Total departmental expenses	91,373	86,505	91,373	86,505
Funded by:				
Revenues from governments	-	-	-	-
Sale of goods and services	89,720	87,216	89,720	87,216
Other revenue	1,607	-	1,607	-
Total departmental revenues	91,327	87,216	91,327	87,216

Outcomes Total	
2005 \$'000	2004 \$'000
469,415	420,272
291,614	220,195
39,210	31,777
8,271	10,710
808,510	682,954
611,954	544,078
202,619	206,942
18,282	6,636
832,855	757,656

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.

AUSTRALIAN FEDERAL POLICE**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS***For the year ended 30 June 2005*

	2004-05	2003-04
	\$	\$
Note 21: Special Payments		
One 'Act of Grace' payment was made during the last reporting period, and there were no 'Act of Grace' payments made during this reporting period.	-	1,606
No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the Financial Management and Accountability Act 1997	-	-
No payments were made under the Defective Administration Scheme during the reporting period.	-	-
No payments were made under s73 of the <i>Public Service Act 1999</i> during the reporting period.	-	-
No 'Ex Gratia' payments were made during the reporting period, and there are no amounts owing at year end.	-	-



GLOSSARY AND INDEXES

GLOSSARY OF ACRONYMS

ABDC	Australian Bomb Data Centre	CPSM	Commonwealth Protective Security Manual
ACC	Australian Crime Commission	CTFR	counter-terrorist first-response
ACON	Assistant Ceremonial Officer's Network	CTORG	Counter-Terrorist Overseas Response Group
ACS	Australian Customs Service	DEA	Drug Enforcement Agency
ACTIP	Advanced Counter-Terrorism Investigations Program	DEH	Department of Environment and Heritage
ADF	Australian Defence Force	DFAT	Department of Foreign Affairs and Trade
AFP	Australian Federal Police	DIMIA	Department of Immigration and Multicultural and Indigenous Affairs
AFPOLL	Australian Federal Police On-Line Learning	DOTARS	Department of Transport and Regional Services
AFR	advanced first response	DVI	disaster victim identification
AGD	Attorney-General's Department	EA&PS	Employee Assistance & Psychological Services
AHTCC	Australian High-Tech Crime Centre	EAP	Employee Assistance Program
AIDIP	Australian Illicit Drug Intelligence Program	ECPAT	End Child Prostitution, Child Pornography and Trafficking of Children for Sexual Purposes
ANAO	the Australian National Audit Office	EDC	explosives detection canines
ANSTO	Australian Nuclear Science and Technology Organisation	EMB	Executive Management Board
ANZEOCC	Australian New Zealand Equal Opportunity Consultative Committee	FATF	Financial Action Task Force
APG	Asia Pacific Group on Money Laundering	FBI	Federal Bureau of Investigation—United States of America
APPSC	Australasian Police Professional Standards Council	FCA	Family Court of Australia
APS	Australian Protective Service	FLF	Fraud Liaison Forum
APW	Anzac Park West	FOI	Freedom of Information
AQIS	Australian Quarantine and Inspection Service	GBRMPA	Great Barrier Reef Marine Park Authority
ASIO	Australian Security Intelligence Organisation	GLLO	Gay and Lesbian Liaison Officer
ASO	Air Security Officer	ICMEX	Investigation and Consequence Management Exercise
ATO	Australian Taxation Office	ICTF	Identity Crime Task Force
ATS	Amphetamine-type stimulants	IDF	Immigration Detention Facility
AUSCERT	Australian Computer Emergency Response Team	IDG	International Deployment Group
BAA	Business Activity Analysis	IDPT	international deployment pre-deployment training
BAO	bomb appraisal officer	IFTS	informal fund transfer systems
CA	Certified Agreement	IM	Information Management
CCPM	Case Categorisation and Prioritisation Model	INP	Indonesian National Police
CDPP	Commonwealth Director of Public Prosecutions	Interpol	International Criminal Police Organisation
CIE	Centre for International Economics	IPECG	Intellectual Property Enforcement Consultative Group
CIO	Chief Information Officer	IS	Information Services
CMIS	Case Management and Intelligence System	IT	Information Technology
CNCT	Confidant Network Coordination Team	IWG-TF	International Working Group on Terrorist Financing
CPP	Close Personal Protection		

JCLEC	Jakarta Centre for Law Enforcement Cooperation	PROMIS	Police Real-time Online Management and Investigations System
JCTICU	Joint Counter-Terrorism Intelligence Coordination Unit	PRS	Professional Standards
JCTT	Joint Counter-Terrorism Team	PS	Protective Service
JPTC	Jordan International Police Training Center	PSCC	Protective Security Coordination Committee
JOC	Jakarta Operations Centre	PSLO	protective security liaison officer
JOMC	Joint Operations Monitoring Centre	PSS	Policy and Strategic Services
KPI	Key Performance Indicator	PSST	People Smuggling Strike Team
L&D	Learning and Development	PTCCC	Pacific Transnational Crime Coordination Centre
LECP	Law Enforcement Cooperation Program	PTT	Police Technical Teams
LRQA	Lloyds Register Quality Assurance	QMS	Quality Management System
MCDS	Ministerial Council on Drug Strategy	RAMSI	Regional Assistance Mission Solomon Islands
MCT	Manager Counter-Terrorism	RBA	Reserve Bank of Australia
MDMA	3, 4-methylenedioxymethamphetamine	RPNGC	Royal Papua New Guinea Constabulary
MION	Malunggang Indigenous Officer Network	RRDT	Regional Rapid Deployment Teams
MJEX	Multi-Jurisdictional Exercise	RSIP	Royal Solomon Islands Police
MOSC	Management of Serious Crime	RTP	Royal Thai Police
MOU	Memorandum of Understanding	SAT	Security and Audit Team
NACMP	National Advisory Committee on Missing Persons	SAT	Security and Audit Team
NARC	National Award and Recognition Committee	SECES	Special Events Coordination and Executive Support
NATA	National Association of Testing Authorities	SOPKO	School of Peacekeeping Operations
NCB	National Central Bureau	STSC	Science and Technology Steering Committee
NIDS	National Illicit Drug Strategy	TACREX	Tactical Exercise
NIFS	National Institute of Forensic Science	TCCC	Transnational Crime Coordination Centre
NIMT	National Intelligence Management Team	TCU	Transnational Crime Unit
NMCT	National Manager Counter-Terrorism	TID	Telecommunications Interception Division
NMG	National Managers Group	TSETT	Transnational Sexual Exploitation and Trafficking Team
NMPU	National Missing Persons Unit	UN	United Nations
NSW	New South Wales	UNESCO	United Nations Educational, Scientific and Cultural Organization
NTAC	National Threat Assessment Centre	UNFICYP	United Nations Peacekeeping Force in Cyprus
NWPP	National Witness Protection Program	UNMISSET	United Nations Mission in Support of East Timor
OC	operations committee	VGT	Virtual Global Taskforce
OH&S	Occupational Health and Safety	WNC	Wanggirrali Ngurrumbai Centre
OMC	Operations Monitoring Centre		
ORT	Operations Response Team		
PACE	Passenger Alert and Clearance Evaluation		
PCGMP	Police Consultative Group on Missing Persons		
PI	Protection Intelligence		
PM&C	Prime Minister and Cabinet		
PNG	Papua New Guinea		
PNP	Philippines National Police		
PNTL	Policia Nacional de Timor-Leste		
PPF	Participating Police Force		

INDEX

A

Accounting basis 143
 Accounting Policy 144
 Administrative Appeals Tribunal 104
 Advanced Counter Terrorism Investigations Program 23, 24
 Advertising and Market Research 33, 107, 120
 AFP Commissioner 2, 4, 8–10, 33, 38, 45, 54, 61, 65, 69, 76–79, 81, 82, 84, 91, 100, 104, 110
 AFP information requests 2003–05 122
 AFP Workforce Composition 2004–05 124
 AFPNet 94, 95
 Air Security Officer (ASO) program 4, 7, 18, 70–72, 87
 Airport security (see Aviation security)
 Allegation issues received by category and status 116
 Amphetamine-type stimulants (see also Illicit drugs) 5, 25, 27–30, 50, 52, 66
 Anti-Corruption 61, 62, 65, 104
 Anti-corruption plan 104
 Applications Group 94
 Appropriations 174
 Asia Region Heads of Criminal Intelligence Working Group 17, 67
 Asia Region Law Enforcement Management Program 66
 Assets 147, 149
 Assets
 financial 162
 management 92
 non-financial 163
 Auditor-General Reports 103, 104
 AusCERT (Australian Computer Emergency Response Team) 38
 AUSTRAC (Australian Transaction Reports and Analysis Centre) 49, 84, 85
 Australasian Police Ministers' Council 78
 Australia Day Medallions 2005 130
 Australian Bomb Data Centre 10, 65, 96, 99, 100
 Australian Capital Territory (ACT) Policing 5, 8, 36, 80, 85–88, 93, 95, 97, 105, 110
 Australian Crime Commission 32, 45, 50, 78, 93
 Australian Customs Service 3, 19, 25–31, 39, 44, 46, 47, 84, 85, 94
 Australian Defence Force 21–24, 73, 100
 Australian Federal Police Act 1979 6, 7, 70, 90, 91, 105

Australian High-Tech Crime Centre 4, 11, 35, 37–39, 48, 76, 96
 Australian Illicit Drug Intelligence Program 98
 Australian Industrial Relations Committee 91
 Australian Institute of Police Management 11, 66
 Australian National Audit Office (ANAO) 102–104, 107
 Australian National Child Offender Register 19
 Australian National Council on Drugs 78
 Australian Protective Service account 179
 Australian Quarantine and Inspection Service 26, 39
 Australian Securities and Investments Commission (ASIC) 35, 49
 Australian Taxation Office (ATO) 42, 43, 46–49, 84, 85, 104
 Average staffing levels (see Staffing levels, average)
 Aviation passenger industry (see Aviation security)
 Aviation security 4, 7, 11, 18, 69, 70, 72, 78, 93
 Awards and medals (see Recognition and Ceremonial)

B

Bomb Data Centre (see Australian Bomb Data Centre)
 Bonus payments 84
 Business Activity Analysis 54, 79
 Business Information 39, 95

C

Cannabis (see also Illicit drugs) 25, 27, 29
 Cash Flow 139
 Cash flow reconciliation 169
 Centrelink 48, 49, 84, 85, 104
 Certified agreements 83, 84, 87
 Chaplaincy 83
 Chief of Staff portfolio 76
 Child pornography 33, 34, 48, 77, 79
 Child sex exploitation on the Internet (see Online child sex exploitation)
 Child sex tourism 7, 32, 33, 34, 50
 Christmas Island (see External Territories)
 Client satisfaction 15, 53, 54, 57, 68, 79
 Close Personal Protection 18, 54–58, 85, 86
 Cocaine (see also Illicit drugs) 3, 5, 26, 27, 29, 46, 50, 52, 58
 Cocos (Keeling) Islands (see External Territories)
 Commercial Support 10, 92
 Commission on Narcotic Drugs 78
 Commissioner (see AFP Commissioner)

Commonwealth Disability Strategy 107
 Commonwealth Fraud Control Guidelines 6, 34, 42, 49, 104
 Commonwealth Games 23, 56, 95
 Commonwealth Ombudsman 90, 105–107
 Commonwealth Procurement Guidelines 92, 93
 Community policing 7, 12, 15, 40, 41, 63, 67, 80, 86, 87, 103, 105, 110
 Competitive Neutrality Expense 162
 Complaints 36, 90, 91, 105, 106, 115–117
 Computer forensics 21, 42, 44, 85, 97, 98
 Confidant Network 87–90
 Consultancy Services 2004–05 Financial Year 119
 Contingent Liabilities and Assets 169
 Copyright protection (see Intellectual property)
 Corporate and Bankruptcy 34, 35
 Corruption (Special References) 7, 36
 Counterfeit currency 34, 36, 37
 Counter-terrorism first response 4, 7, 20, 69–72
 Counter-terrorism measures, international 19–24, 65, 67, 97, 100
 Counter-terrorism training 23, 24, 70, 84, 85, 88
 Crimes (Child Sex Tourism) Amendment Act 1994 33
 Crimes Act 1914 31, 33, 79, 105, 106
 Criminal Code Act 1995 26, 45, 46, 48, 79, 105
 Criminal Code Amendment (Slavery and Sexual Servitude) Act 1999 32, 33
 Criminal records unit 61, 62, 92, 93, 95
 Critical National Information Infrastructure 5, 38
 Crystal methamphetamine or 'ice' (see also Amphetamine-type stimulants) 27
 Customs (see Australian Customs Service)
 Customs Act 1901 27, 28, 30, 91
 Cyber-crime 5, 35, 48, 49

D

Department of Foreign Affairs and Trade (DFAT) 18, 21–23, 48, 49, 55, 61, 67
 Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) 31, 32, 34, 36, 48, 49, 71, 72, 85, 103
 Department of Transport and Regional Services (DOTARS) 40, 41
 Disaster victim identification 3, 20, 49, 65–67, 77, 84, 85, 97
 Disciplinary Tribunal 91
 Drug Harm Index 5, 51
 Drug seizures 5, 29, 51, 52, 97, 98
 Dunning, Adam 2, 61, 73, 77, 82

E

East Timor (see Timor-Leste)

Ecologically sustainable development 107, 108
 Economic and Special Operations 9, 34, 35, 53, 76, 97
 Ecstasy (see also Amphetamine-type stimulants) 27, 29, 30
 Electronic and telecommunications crime 35, 37, 84, 85
 Employee Assistance and Psychological Services 87, 88
 Employee Benefits 145
 Employee Relations 83
 Environmental crime 35, 39
 Equity 168
 Executive Management Board 7, 8, 54, 78, 79, 102
 Executive Remuneration (see Remuneration executives)
 Explosives detection canine program 69, 93
 External scrutiny 104, 105
 External Territories 40, 41, 97

F

Family Court 41, 42, 55, 56
 Family Investigative Liaison Officer Program 22
 Family law 35, 41, 55–57
 Finance Committee 8, 54
 Financial Action Task Force 45, 78
 Financial Assets (see Assets Financial)
 Financial instruments 147, 171
 Financial Intelligence capability 16, 34
 Financial Management 92
 Financial Management and Accountability Act 1997 104
 Financial Position 138
 Financial reporting standards 151
 Financial Result 2004–05 113
 Financial Statements Cover Letter 134
 Forensic and Technical 9, 76, 96
 Forensic Operations 10, 96, 97
 Forensic Services 88, 96–98
 Fraud Control and Anti-Corruption Plan 104
 Freedom of information 107
 procedures and contact points 120

G

Geographical distribution
 AFP 2004–05 123
 Protective Service 2004–05 123
 Governance and Accountability 8, 54, 92, 102
 Governance Instrument Framework 96
 Guarding and Security Services 7, 12, 14, 15, 18, 69, 72

H

Heads of Commonwealth Operational Law Enforcement Agencies 83

Health and Safety Services 87

Heroin (see also Illicit drugs) 3, 5, 6, 24–26, 29, 52, 98

Honours and Awards to AFP Employees 2004–05 131

Human Resources Management 10, 65, 76, 79, 80, 94

Human trafficking and sexual servitude 7, 32, 33, 50

I

Identity crime 4, 32, 35, 43, 97

Illicit drugs (see also Amphetamine-type stimulants) 3, 5, 7, 24, 27, 40, 42, 51, 52, 97, 98

Immigration detention facility 72

Incident Coordination Centre 56

Independent audit 19

Indonesian National Police 17, 20, 21, 23, 24, 49, 55, 65, 73

Indonesian Transnational Crime Coordination Centre 3, 65

Information Management 10, 94–96, 98

Information Policy 95

Information Services 76, 80, 94, 96

Insurance 150

Insurance and Risk Management 103

Intangibles 149

Intellectual property 8, 35, 44, 46

Intelligence functions 16–19, 21, 34, 57, 65, 85

Inter-Departmental Emergency Taskforce 21, 23

Intergovernmental Committee on Drugs 78

Internal Audit 10, 76, 102–104, 106

Internal Audit Activity 2004–05 113

International Deployment Group (IDG) 3, 4, 6, 7, 9, 10, 15, 59, 62, 63, 67–69, 80, 82, 86–88, 91, 92, 95–97, 99, 106

International law enforcement 2, 3, 5, 7, 31, 34, 38, 43, 49, 65, 78, 84, 85

International Network 3, 6, 9, 10, 19, 31, 33, 38, 43, 49, 65, 78, 84, 85

International Services 7, 12, 14, 15, 59, 68

International Training Complex 4, 67

International Working Group on Terrorist Financing 4, 24

Internet 4, 37–40, 43, 46, 48, 77, 79, 96, 99, 104

Interpol 6, 19, 35, 38, 49, 50, 84, 94

Inventories 149

Investigation Services 7, 12, 14, 15, 51, 53

Investigations training 84, 85

J

Jakarta Centre for Law Enforcement Cooperation 2, 22, 23, 84–86, 96

Jervis Bay (see External Territories)

Joint Counter-Terrorism Intelligence Coordination Unit 17, 18

Joint Counter-Terrorism Teams 4, 18–20, 22–24

K

Keelty, Mick (see AFP Commissioner)

L

Law Enforcement Cooperation Program (LECP) 3, 7, 17, 49, 59, 65–68, 98, 99

Leadership and Management Development 85

Learning and Development 67, 77, 84, 86, 87

Leases 146

Library 96

M

Management of Serious Crimes 10, 66, 84, 86

Marketing and Communications 76, 90

MDMA (see also Amphetamine-type stimulants) 3, 24, 28–30, 48, 50, 77

Medical Services 10, 87

Memorandum of Understanding 21, 33, 35, 49, 62, 63, 93

Minister for Justice and Customs 7, 56, 57, 67, 77, 104

Ministerial 11, 76, 77

Ministerial Council on Drug Strategy 78

Ministerial Direction 6–8, 30

Money laundering 4, 7, 34, 35, 43, 45, 46, 67, 69

Money Laundering and Financial Transaction Reports Act 1988 34, 35

N

National Capital Authority 78

National Central Bureau 6

National Common Police Services 78

National Counter-Terrorism Intelligence 16, 17, 19

National Illicit Drug Strategy 51, 52

National Managers' Group 8, 78, 88

National Medals and Police Overseas Service Medals 130

National Missing Persons Unit 45

National Police Memorial 78

National Security Hotline 4, 16, 19

National Threat Assessment Centre 17

National Training Centre 87

National Witness Protection Program (see also Witness protection) 54, 55, 57, 106

National Women's Consultative Team 83

Network Services 95
 Norfolk Island (see External Territories)
 Notes to Financial Statements 149-183

O

Objectives of the AFP 143
 Occupational health and safety 87, 88
 Occupational Health and Safety (Commonwealth Employment) Act 1991 88
 Ongoing and non-ongoing and casual staff at 30 June 2005 123
 Online child sex exploitation 3, 5, 16, 34, 35, 38, 39, 48, 78, 79, 85, 87, 97
 Operating expenses 160
 Operating revenues 158
 Operations Committee 9, 53
 Operations Monitoring and Performance Team 68
 Operations Monitoring Centre 100
 Operations Response Team 67, 68
 Outcome Service Delivery 11, 79
 Outposting to other agencies 128
 Output 1.1 (see Investigation Services)
 Output 1.2 (see Protection Services)
 Output 1.3 (see International Services)
 Output 1.4 (see Guarding and Security Services)

P

PACE (Passenger Analysis Clearance and Evaluation) 19, 41, 42, 94
 Pacific Transnational Crime Coordination Centre 49, 66
 Papua New Guinea 3, 4, 33, 43, 49, 59-62, 66, 67, 77, 83, 91, 94, 97, 104, 105
 Parliamentary Committees 77, 105
 Payables 166
 Peacekeeping operations 2, 59, 64, 67, 69, 80, 81, 84
 People smuggling 3, 7, 30, 31, 49, 65, 67, 103
 People Smuggling Strike Team 31, 103
 People Strategies 10, 79, 80
 Performance and Planning 11, 79
 Performance measures 51, 53, 56-58, 68, 72, 103, 110
 Performance Measures-Outcome 1
 Philippine National Police 20, 21, 23, 24, 34, 100
 Philippines Counter-Terrorism Assistance Initiative 21
 Philippines Counter-Terrorism Capacity-Building Project 65
 Police Technical Team 87, 98
 Policy and Strategic Services 76-78
 Portfolio Budget Statement 14

Precursor chemicals (see also Amphetamine-type stimulants) 3, 28, 29, 48, 78
 Prevention of avoidable incidents, 54, 56
 Proceeds of Crime 16, 26, 34, 43-47
 Proceeds of Crime Act 1987 47
 Proceeds of Crime Act 2002 4, 45-47
 Professional Standards 76, 82, 88-91, 102, 105
 Program AXIOM 11, 17-19
 Prohibited drug tests conducted during 2004-05 117
 PROMIS (Police Real-time Online Management Information System) 29, 40, 84, 94, 95, 103
 Property, plant and equipment 147
 Protection Intelligence 16, 18
 Protection Services 5, 12, 14, 15, 54-58
 Protective Security Coordination Committee 18
 Protective Security Intelligence 16, 18 54, 57
 Protective Security Liaison Officer Network 69-71
 Protective Service 7, 8, 11, 20, 57, 63, 69-72, 77, 78, 80-84, 87, 88, 90, 92-94, 96, 99, 103, 105
 Protective Service internal training programs 2004-05 130
 Protective Service Quality Management Team 103
 Protective Service recruitment activity 2004-05 123
 Protective Service workforce composition 2004-05 124
 Provisions 166

R

Recognition and Ceremonial 10, 73, 76, 82, 83
 Regional Assistance Mission Solomon Islands (RAMSI) 3, 7, 59, 67, 68, 71, 73, 77, 82, 95
 Remuneration auditors 170
 Remuneration executives 170
 Reporting Outcomes 181
 Restraint of assets 4, 7, 42-44, 46-48, 50
 Results of completed investigations (Allegation issues) 117
 Results of completed investigations (Complaint issues) 116
 Revenue 144
 Royal Papua New Guinea Constabulary 33, 61, 62
 Royal Solomon Islands Police 60, 61, 73
 Royal Thai Police 23, 32, 49

S

Safety, Rehabilitation and Compensation Act 1988 88
 Salary ranges available to AFP employees 2004-05 125
 Salary ranges available to Protective Service employees 126

Schedule of Commitments 140
 Schedule of Contingencies 141
 Science and Technology Steering Committee 8, 78
 Security and Audit Team 8, 102–104
 Security clearances 91
 completed 2003–05 (by clearance level) 118
 granted 2004–05 118
 Security services (see Guarding and Security Services)
 Senior Executive 2004–05 122
 Performance Bonus Payments 126
 Remuneration 84
 Senior Executive Service 18, 85
 Sentencing decisions (see Significant sentencing decisions)
 Service agreements 35, 48
 Significant investigations 25–27, 29, 31–33, 35–37, 39, 40, 42–45, 47
 Significant sentencing decisions 25, 26, 28, 30–33, 40
 Slavery and sexual servitude (see Human trafficking)
 Special accounts 177
 Special events 7, 18, 54–57, 71
 Special Events Coordination and Executive Support 56
 Special payments 183
 Special references (see Corruption)
 Specialist and International Training 85
 Staff Years Consumed 2004–05 113
 Staffing levels, average 170
 State and territory police services 3, 5, 19, 22–24, 36, 38, 39, 41, 45, 48, 57, 59, 96
 Statement of Financial Performance 137
 Summary of Significant Accounting Policies 143

T

Technical Operations 10, 21, 96, 98, 99
 Telecommunications (Interception) Act 1979 79, 98, 105, 106
 Telecommunications interception 99, 104
 Telecommunications Interception Division 98
 Terrorism (see Counter-terrorism)
 Timor-Leste 3, 59, 64, 66, 67, 73, 82, 97
 Transactions 145
 Transnational Crime Coordination Centre 3, 11, 16, 17, 19, 49, 53, 65, 66
 Transnational Crime Teams 66
 Transnational Sexual Exploitation and Trafficking Team 32, 33, 87
 Transnational sexual offences 49, 67, 85
 Transnational Targeting Network 17
 Tsunami 3, 22, 49, 55, 77, 94, 96

U

Undercover policing 17, 18
 United Nations Office on Drugs and Crime 24, 85

W

Website (see Internet)
 Witness Protection 54–56, 105, 106
 Witness Protection Act 1994 57, 105, 106
 Women in Law Enforcement Strategy 83
 Wood, Douglas – recovery 22
 Workforce planning 80
 Work–Life diversity 81

Y

Years of Service 127

ANNUAL REPORT COMPLIANCE INDEX

INTRODUCTION

Letter of transmittal	v
Table of contents	vi–x
Index	188–191
Glossary	186–187
Contact officer(s)	iii–iv
Internet address for report	iii

COMMISSIONER'S REVIEW

Review by Commissioner	2
Overview of department's performance and financial results	16, 92

DEPARTMENTAL OVERVIEW

Overview description of department	6
Role and functions	7
Organisational structure	10–11
Outcome and output structure	12

REPORT ON PERFORMANCE

Review of performance during the year in relation to outputs and contribution to outcomes	See relevant output for discussion
Discussion and analysis of performance	See relevant output for discussion
Factors, events or trends influencing departmental performance	See relevant output for discussion
Performance against service charter customer service standards, complaints data, and the department's response to complaints	115–118
Social justice and equity impacts	81, 83, 87–90
Discussion and analysis of the department's financial performance	92
Summary resource tables by outcomes	14

MANAGEMENT ACCOUNTABILITY

Corporate Governance

Statement of the main corporate governance practices in place	7, 94
Names of the senior executive and their responsibilities	9
Senior management committees and their roles	7–8
Corporate and operational planning and associated performance reporting and review	79
Approach adopted to identifying areas of significant financial or operational risk and arrangements in place to manage risks	8, 102–103
Certification of fraud measures in place	104
Policy and practices on the establishment and maintenance of appropriate ethical standards	90

External Scrutiny

Significant developments in external scrutiny	104-106
Judicial decisions and decisions of administrative tribunals.....	104-105
Reports by the Auditor-General, a Parliamentary Committee or the Commonwealth Ombudsman	105-106

Management of Human Resources

Assessment of effectiveness in managing and developing human resources to achieve departmental objectives.....	78-82
Workforce planning, staff turnover and retention	80-81
Training and development undertaken and its impact	84-87
Occupational health and safety performance	88
Statistics on staffing	122-127
Certified agreements and AWAs.....	82, 126
Performance pay.....	82, 126

Purchasing

Assessment of purchasing against core policies and principles.....	93
--	----

Assets Management

Assessment of effectiveness of assets management	92
--	----

Consultants

Contracts entered into	106, 119
------------------------------	----------

Commonwealth Disability Strategy

Report on performance in implementing the Commonwealth Disability Strategy	107
---	-----

Financial Statements

Financial Statements.....	133-183
---------------------------	---------

Other Information/Appendixes

Occupational health and safety (section 74 of the Occupational Health and Safety (Commonwealth Employment) Act 1991).....	88
Freedom of Information (subsection 8(1) of the Freedom of Information Act 1982).....	107, 120
Advertising and Market Research (Section 311A of the <i>Commonwealth Electoral Act 1918</i>).....	107, 120
Ecologically sustainable development and environmental performance (section 516A of the Environment Protection and Biodiversity Conservation Act 1999)	108
Discretionary Grants.....	84
Correction of material errors in previous annual report.....	N/A

the 1990s, the number of people in the world who are under 15 years of age is expected to increase from 1.2 billion to 1.5 billion.

As the world's population grows, the demand for food and other resources will increase. This will put pressure on the environment and on the world's food supply.

One way to meet this demand is to increase the amount of food that is produced. This can be done by using more land for agriculture.

Another way to meet this demand is to increase the efficiency of food production. This can be done by using better farming techniques.

One of the most important ways to increase the efficiency of food production is to use fertilizers. Fertilizers help plants grow faster and produce more food.

There are many different types of fertilizers. Some are made from natural materials, and some are made from synthetic materials.

One of the most common types of fertilizers is nitrogen. Nitrogen is an essential nutrient for plants, and it is found in many different fertilizers.

There are many different ways to use fertilizers. Some are applied to the soil, and some are applied to the plants.

One of the most important things to remember is that fertilizers should be used carefully. If they are not used properly, they can harm the environment.

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