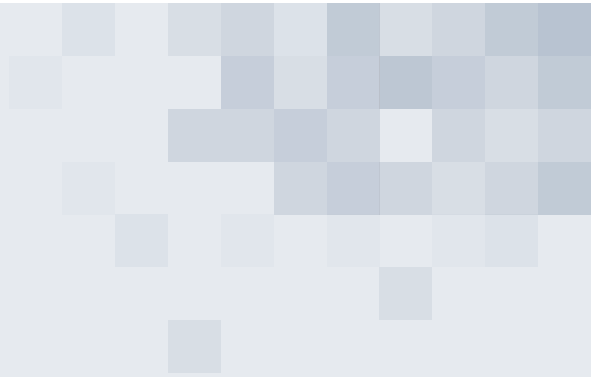
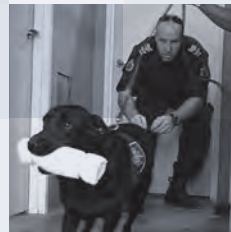




**AFP**  
AUSTRALIAN FEDERAL POLICE



# 1 Executive Review



# Executive Review



**M J Keelty, APM**  
**Commissioner**  
**Australian Federal Police**

The 2007–08 financial year was one of significant challenges and achievements for the AFP.

This year has been a particularly busy one for the organisation with new additions to our responsibilities, strong operational performances, a reinvigorated focus on strategic partnerships, and a commitment to law enforcement innovation.

It was a year in which our people found themselves working on the front line of policing at a time when transnational crime is increasing in complexity and impact.

After five years of substantial growth, 2007–08 was also a year of consolidation for our business. We reviewed our strategic plan for tackling 21st-century crime and instituted structural change to better position the organisation for dealing with the array of current and new challenges forming on the law enforcement horizon.

Details of the range of AFP operations during 2007–08 are found in the body of this report, but I want to take this opportunity to mention some of the highlights.

## Operational Outlook

In 2007–08, the AFP demonstrated a comprehensive and multifaceted approach to tackling transnational crime on many fronts.

While we performed strongly in combating core crime-types such as illicit drug trafficking and fraud against the Commonwealth, our significant efforts in countering terrorism threats, strengthening rule-of-law in regional trouble spots, and building capacity within the regional law enforcement community, show that our focus was as much about preventing crime, as it was investigating it.

During the year in review, the AFP recorded an exceptional performance in curbing the importation of illicit drugs into Australia. Our year started with the largest ever drug investigation undertaken by the AFP after a world record seizure of 4.4t of MDMA (ecstasy) on 30 June 2007. This investigation, known as Operation Inca, spanned the entire period in review. It required substantial resource investment to see it through to a successful conclusion. The syndicate alleged to be responsible for this importation, was also alleged to have been responsible for the importation of 150kg of cocaine. It is further alleged that they were involved in a conspiracy to import 6t of precursor chemicals used in the manufacture of amphetamines.

Our partnerships with domestic and international agencies, particularly the Australian Customs Service, produced a number of large-volume drug seizures and the successful dismantling of a number of international drug syndicates.

These also included: Operation Girra, which involved the seizure of 250kg of cocaine from South-East Asia; Operation Camino, which involved the seizure of 124kg of cocaine, 66kg of methamphetamines, and 121kg of MDMA from Canada; and Operation Octans where, in collaboration with authorities from the Netherlands, Thailand, Pakistan, Portugal and the United Kingdom, 15 arrests were made internationally for serious drug offences, which included the arrest of a senior investigator from the NSW Crime Commission.

These results contribute to the success of our proactive strategy in taking the fight against transnational crime off-shore by disrupting it before it impacts on Australia. We are proud of our efforts in reducing the supply of drugs to the community, with Australia leading the world in seizures of MDMA, and in the five years to June 2008, the AFP and its partners saved the Australian community approximately \$4.5b in drug related harm, as measured by the Drug Harm Index, through disruption of illicit drug importations into our country.

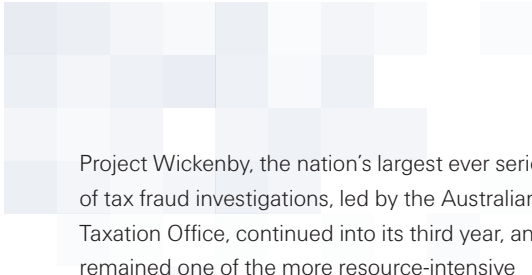
But clearly the successes in supply interdictions raise serious questions about the demand market in Australia, which is part of our future focus.

Unfortunately the drug-use market in Australia is increasing its consumption of synthetic Amphetamine Type Stimulants (ATS) and, to combat this, additional funding has been provided under the Australian Government's ATS package, which has also allowed us to dedicate resources specifically targeting ATS investigations, and to increase capacity for pursuing this drug-type domestically and offshore, particularly in Asia.

As part of this program, the AFP opened a second liaison office in China, in Guangdong province, which has been identified as a geo-strategic location from which to combat the trade in precursor chemicals used to produce ATS. We have been moving to establish an AFP office in Laos, a major transshipment point for ATS in Asia. These new offices will enable the AFP to continue to take the fight against illicit drug-trafficking off-shore.

The period in review also saw a continued focus for the AFP in tackling serious and complex fraud cases.

Fraud offences continue to be increasingly organised, sophisticated, and transnational in nature, particularly when enabled by borderless technology, as is now often the case. New methodologies to commit fraud in the Australian context are being detected with an increasing use of electronic and internet media to facilitate these crimes.



Project Wickenby, the nation's largest ever series of tax fraud investigations, led by the Australian Taxation Office, continued into its third year, and remained one of the more resource-intensive operations undertaken by the AFP's Economic and Special Operations (ESO) function.

Critical to the success of Project Wickenby is the partnerships with the Australian Taxation Office, the Australian Crime Commission, the Australian Securities and Investments Commission, and the Commonwealth Director of Public Prosecutions. Without these partnerships and support from the Australian Transaction Reports and Analysis Centre, the Attorney-General's Department and the Australian Government Solicitor, the AFP would not be able to contribute as effectively to making the Australian taxation system more resilient to fraud.

AFP action in relation to Project Wickenby over this financial year resulted in a number of prosecution actions and \$54.6m in alleged proceeds of crime being restrained. Nine AFP investigations are still underway as part of Project Wickenby and are expected to result in more prosecutions and increased proceeds of crime restraints.

In 2007–08, the AFP also continued to assist other Australian Government agencies in their fraud control efforts with both support to investigations and the secondment of AFP members. AFP secondments in the past year include postings to Centrelink, the Australian Taxation Office, the Department of the Environment, Water, Heritage and the Arts, the Department of Foreign Affairs and Trade, Australian Transaction Reports and Analysis Centre, and the Department of Immigration and Citizenship.

## National Security

The AFP's efforts to counter and prevent terrorism threats to Australia and its interests was a focal point during 2007–08. In addition to disrupting threats of this nature, the AFP made significant progress in enhancing the capability of regional counterparts to combat terrorism.

One of the highlights of our regional counter-terrorism efforts is the Jakarta Centre for Law Enforcement Cooperation (JCLEC) in Indonesia, a joint education and training venture between Australia and Indonesia. JCLEC provides learning and development opportunities in areas such as post-bomb blast analysis, financial investigations and criminal intelligence, as well as courses in Islamic law and politics, security risk management, and disaster victim identification.

Since its inception in 2004, more than 3000 students have been trained at the facility in counter-terrorism related capacities, building up a substantial knowledge base among policing agencies in the region. The AFP invested further in this regional capability in the past year, providing funding for an expanded curriculum and greater student capacity.

On the domestic front, community engagement remained a key part of the AFP's counter-terrorism strategy during the reporting year. Building on the success of the Islamic Liaison team in Melbourne, a National Community Engagement Strategy was devised, with liaison teams established in Sydney, Brisbane and Perth. These teams work to improve understanding about the role of the AFP in the community, identify community needs and vulnerabilities, and engage actively with those people at risk of radicalisation.

The AFP holds a great deal of optimism for the continuing success of this strategy, and the turnout of more than 3000 members of Victoria's multicultural community for the memorable Unity Cup football match between police and Muslim youth in Essendon gives justification for that optimism.

Operationally, the AFP continued to treat terrorism as a criminal offence and undertook a number of investigations into this crime-type. Domestic operations which were notable included Operation Ridgecrop/Norway, which investigated the theft and sale of military weapons, Operation Skipsea, which investigated terrorism offences in suburban Brisbane, and Operation Rain, which investigated Australian links to the attempted terrorist attacks in London and the attack on Glasgow airport in June 2007. Significant resources were also dedicated to Operations Pendennis and Pendennis-Eden, with the criminal trials commencing in Sydney and Melbourne in February 2008.

The AFP adopts a continuous learning approach to all of its activities and our counter-terrorism efforts are no exception. As a result of an unsuccessful prosecution of a terrorism related case in the reporting period, I commissioned a high-level review which examined the interoperability between the AFP and its national security partner agencies, primarily the Australian Security Intelligence Organisation (ASIO) and the Commonwealth Director of Public Prosecutions (CDPP).

Headed by the former Chief Justice of NSW, the Honourable Sir Laurence Street, the Review reported in February 2008 and delivered 10 recommendations to improve operational decision-making processes, information sharing, joint taskforce arrangements, and training and education in terrorism investigations. The AFP accepted these recommendations and is in the process of implementing them in conjunction with ASIO and CDPP.

During the reporting year, the Government moved to establish an inquiry into the conduct of Operation Rain. That inquiry has commenced under the direction of the Honourable John Clarke, and the AFP has publicly committed its full co-operation to that inquiry.

## International Focus


2007–08 was another busy year for the AFP internationally. The AFP International Network's 87 liaison officers continued working closely with law enforcement partner agencies in 33 cities across 27 countries, on a range of operational and investigative fronts, such as drug trafficking, money laundering, identity fraud, terrorism and illegal immigration.

The network also assisted in a number of high-profile joint policing operations targeting child abuse syndicates, resulting in hundreds of arrests worldwide and the seizure of hundreds of thousands of child abuse images.

Importantly, the AFP's International Network was also instrumental in negotiating a number of key new partnership arrangements during the reporting year, elevating AFP relationships with international partner agencies to new levels. These included an agreement between Australia and Europol ratified in September 2007, which enhances the exchange of information to assist in the fight against transnational crime.

The AFP was also honoured to be elevated to the status of a dialogue partner in the Association of South-East Asian Nations Chiefs of Police (ASEANAPOL) forum, a high-level forum promoting close cooperation among policing agencies in the region. Our first dialogue partner representation occurred at the 28th ASEANAPOL conference in Brunei in May 2008.

A number of strategic placements were also accomplished in the year, with an AFP officer seconded to the Federal Bureau of Investigations (FBI) for 12 months to improve information exchange with respect to terrorist threats and criminal flows in the Pacific Rim, and an AFP officer seconded to the Hong Kong Police Force as part of an exchange program. Also in March 2008, the Dutch National Police Service deployed a liaison officer to Canberra to work closely with the AFP Border function, focusing on the linkages between the Netherlands and Australia in the fields of ecstasy and precursor importations.



On the operational front, the AFP's International Deployment Group (IDG) continued its work to strengthen regional and international stability, providing intervention and capacity-building programs to countries such as Timor-Leste and the Solomon Islands. In addition to contributing to the maintenance and development of law and order, specialist tactical staff were deployed to Timor-Leste following assassination attempts on President Ramos-Horta and Prime Minister Gusmao in February 2008.

Further abroad, our commitment to promoting international policing saw four senior AFP officers deployed to Afghanistan in support of rule-of-law efforts. Two of those members were posted to Kabul, working under the auspices of the United States-led Combined Security Transition Authority. The other two members were posted to Jalalabad, working under the auspices of the British Embassy Drug Team (BEDT) in cooperation with the Counter Narcotics Police of Afghanistan. As the 2007–08 year drew to a close, we were preparing to deploy an additional four members to Afghanistan in 2008–09 and a further four members in 2009–10. In the past year, the AFP also maintained its commitment to the United Nations Mission in Sudan with officers deployed to the capital, Khartoum, and to the southern area of the troubled African nation.

Domestically, the IDG provided personnel to Operation Themis, the Northern Territory Police-led response to assist remote indigenous communities in the territory with law and order issues. We expect to fill our entire commitment of staff to this initiative in 2008–09.

The AFP's reputation as a lead international law enforcement agency was underscored during the year with the appointment of the AFP's contingent commander in Sudan to the position of Chief of Operations; the appointment of an AFP Assistant Commissioner as Police Adviser in the United Nations Department of Peacekeeping Operations; an AFP Commander commencing a two-year deployment as the advisor to the Secretary of State (Security) for Timor-Leste; and the AFP being the world's first law enforcement agency to have its international pre-deployment training accredited by the United Nations.

Our Aviation and Protection functions had an extraordinarily busy time in the review period adding the provision of support to the Asia-Pacific Economic Cooperation (APEC) taskforce and NSW Police for the APEC Leaders Meeting in Sydney to their core duties. Close Personal Protection and facilitation through airports was provided to 20 visiting leaders.

In another major security operation, the AFP's ACT Policing arm also led the national security response for the highly successful Australian leg of the Olympic Torch Relay in Canberra in April 2008.

## Innovation and Renewal

In addition to effectively meeting the operational challenges of 2007–08, it has also been an important year for innovation at the AFP. It is important for us to remain adaptable and responsive to the changing sphere of law enforcement. The past year has seen the commissioning of a number of key projects and the realignment of organisational structures, ensuring we have a modern organisation, able to keep pace with the changing demands of the business environment.

In November 2007, the AFP hosted the inaugural *International Policing Toward 2020* conference in Canberra. Senior law enforcement officials, academics and government delegates from 31 countries attended, representing 70 agencies. The conference explored the influences that will shape crime and law enforcement through to the year 2020, such as 'weak states', climate change, mass migration, and the growth of science and technology. This conference was an outstanding success and a summary of the work has been published and is available online at [conference.afp.gov.au](http://conference.afp.gov.au).

In July 2007, the AFP opened the Australian Chemical Biological Radiological Nuclear Data Centre at our Weston complex in Canberra. This centre has already achieved a number of key milestones in its short existence, such as providing valuable technical intelligence on the illegal use of chemical, biological, radiological, nuclear materials, and developing an evidence-recovery and triage laboratory facility to analyse biological and chemical substances.

In February 2008, the Aviation function opened a purpose-built National Canine Training Facility in Majura, ACT, to support bomb appraisal and aviation security teams located at airports around Australia.

Fundamental and important changes to our management structure were implemented over the reporting year.

A second Deputy Commissioner position was created to help lead the AFP in meeting its expanding roles and responsibilities as the nation's primary law enforcement agency. Assistant Commissioner Tony Negus was appointed Deputy Commissioner Operations, assuming responsibility for the Border and International, Economic and Special Operations, International Deployment Group, and Forensic and Data Centres functions.

Deputy Commissioner John Lawler assumed the newly formed Deputy Commissioner National Security role, with responsibility for Intelligence, Counter Terrorism, Protection, and Aviation.

In the reporting period, Assistant Commissioner Michael Phelan was appointed as the new Chief Police Officer for the ACT. Mr Andrew Wood was appointed Chief Operating Officer of the AFP in November 2007.

During the reporting period, Ms Elizabeth Montano finished her role as a non-executive member with the AFP Strategic Leaders Group (SLG). Ms Montano will be replaced by Mr Ric Smith. Mr Smith has recently completed a review of homeland and border security for the Australian Government and has had an extensive career in the public service.

A new functional area, High Tech Crime Operations (HTCO), was established to enable the AFP to leverage its organisation-wide capabilities in the fight against technology-enabled crime, and to support the broader AFP in investigating those crimes facilitated by technology. This new function absorbed a number of existing AFP functions including the former Australian High Tech Crime Centre, the Online Child Sex Exploitation teams, the Cyber Safety teams and Child Sex Tourism teams. While HTCO has only been in existence for a short time, the function has forged strong relationships with the private sector particularly in the realm of online protection and policing including Google, MySpace and the secondment of an AFP member to Microsoft in Seattle.

With respect to accommodation in Canberra, in line with the substantial growth and development of the AFP, plans are well progressed for occupying a new national headquarters. The Edmund Barton Building (EBB) in the Parliamentary precinct of Canberra has been identified as the preferred option, providing capacity for more than 2000 staff and consolidating the six accommodation sites currently occupied across Canberra. Lease negotiations are well advanced by 30 June 2008.

The consolidation of the sites will improve efficiency by centralising staff, and provide a building that meets the needs of a modern law enforcement organisation. This option supersedes our previous plans to relocate to Anzac Park West (APW) where our accommodation needs have outgrown that site.

Meanwhile, the organisation has also progressed with plans to develop the Majura complex for specialist functions and training on the outskirts of Canberra. A scoping study was undertaken for redevelopment of the site to include the construction of special purpose, training and educational facilities and to further streamline operations through co-location of business areas.

On the budgetary front, in line with expectations outlined in my Executive Review in last year's Annual Report, the AFP budget situation levelled off during 2007-08 following six years of significant growth over which time revenue more than doubled to over \$1.2b for the 2007-08 year.

The Minister for Finance and Deregulation approved a \$43m operating deficit for the 2007-08 financial year and the AFP finished the year with a reported deficit of \$43.5m. I expect the challenges faced by the AFP in a budgetary context in the latter half of this financial year will continue to be faced in 2008-09, and will require us to exercise fiscal rigour and discipline. In anticipation of a tighter economic climate, the AFP embarked on a number of initiatives during the year to identify new efficiencies in service delivery, and that process will continue in the coming year.

Levels of client satisfaction however remained high throughout the year and our workforce was strong with the overall attrition rate down to a low of 6.7 per cent, with an even lower benchmark for sworn police officers at 3.7 per cent.

Overall, it was a particularly challenging and sometimes difficult year for the AFP, both operationally and professionally. But through the determination, skill, and ongoing commitment of our people, it was a productive year in which we achieved some world-class results for the Australian community.

The year ahead is sure to present its own unique set of challenges, however I am very confident that the people, structures, and capabilities are in place to enable the AFP to continue delivering effective and dynamic law enforcement to the people of Australia to the highest possible standards.



M J Keelty

## Overview of the AFP

The AFP's strategic priorities (available for viewing on the AFP's website at [www.afp.gov.au](http://www.afp.gov.au)) are determined in accordance with section 8 of the *Australian Federal Police Act 1979* ('the Act'), and Ministerial Direction issued under section 37(2) of the Act. Strategic priorities are also guided by government policies such as the *Commonwealth Fraud Control Guidelines*, which assigns specific responsibilities to the AFP for investigating serious or complex fraud. These strategic priorities and government directions are reflected in the AFP outcomes and outputs framework.

Section 8 of the Act outlines the functions of the AFP, which are:

- 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
- safeguarding of Commonwealth interests, and anything else that is incidental or conducive to the provision of these services
- provision of police services in relation to the Australian Capital Territory (ACT) and Australia's external territories
- protective and custodial functions as directed by the Minister
- provision of police services and police support services for the purposes of assisting, or cooperating with, an Australian or foreign law enforcement agency, intelligence or security agency, or government regulatory agency
- provision of police services and police support services in relation to establishing, developing and monitoring peace, stability and security in foreign countries.

The AFP's 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 that has been prevalent since 2001.

Internationally, the AFP's partnerships with agencies and its international liaison network remain integral to investigating transnational crime, intelligence gathering and information sharing. As part of its international focus, the AFP operates the National Central Bureau (NCB) for Interpol. The NCB represents all Australian police services and provides a direct link with the 181 member countries of Interpol.

### Current Role

The AFP's primary role is to enforce Commonwealth criminal law and protect Commonwealth and national interests from crime in Australia and overseas. The AFP provides a range of investigative and other services supporting the Commonwealth's law enforcement objectives, directing a large proportion of its efforts toward preventing and responding to high-impact, high-level crime that threatens Australia's national interests.

The AFP provides protective security services through AFP Protective Services, close personal protection services to high office holders and visiting dignitaries, as well as uniform policing at the major airports.

The AFP also provides community policing services in the ACT and Australia's external territories. It uses skills from both these areas to support the significant offshore commitments to law and order and peace operations delivered by the International Deployment Group.

## Reporting Structure

Under the direction of the Minister for Home Affairs, and within the functional framework established in section 8 of the Act, the AFP pursues clearly defined outcomes agreed with the Government. For the 2007–08 financial year, the AFP established the following outcomes:

### Outcome 1

Outcome 1 focuses on national and international prevention of crime against the Commonwealth and the protection of Commonwealth interests in Australia and overseas.

- Output 1.1: Criminal Investigations – Border and International Network
- Output 1.2: Criminal Investigations – Economic and Special Operations
- Output 1.3: Criminal Investigations – Terrorism
- Output 1.4: International Deployment Services
- Output 1.5: Protection Services
- Output 1.6: Aviation Services
- Output 1.7: High Tech Crime Operations (created as output in 2007–08)

### Outcome 2

Outcome 2 focuses on a safe and secure environment in the ACT through the provision of community policing services. The objectives of this outcome are defined in annually negotiated purchase agreements for the provision of police services established under a five-year agreement between the AFP and the ACT Government.

## Ministerial Direction

As set out in the Ministerial Direction to the Commissioner issued in October 2007, the AFP focuses on:

- countering the threat of terrorism to the safety and security of Australians and Australian interests within and outside Australia
- preventing, deterring, disrupting and investigating criminal activities impacting on the interests of the Australian community
- safeguarding the economic interests of the nation from criminal activities, such as serious fraud, money laundering, corruption, intellectual property crime and technology enabled crime
- ensuring that specific individuals, establishments and events, identified by the Australian Government as being at risk, are protected
- contributing effectively to the Government's international law enforcement interests including matters involving cooperation to combat transnational organised crime, responses to emergencies, law and order capacity building missions, and participation in United Nations or other internationally mandated peace operations
- achieving and maintaining a technological edge over criminals, including sharing knowledge and capacities with strategic partners
- identifying emerging criminal threats to the national interest and advising on appropriate policy approaches, strategies and treatments to counter such threats
- contributing actively to broader government programs or initiatives where their successful implementation requires the engagement of law enforcement capabilities.

## Strategic Leaders Group

The Strategic Leaders Group (SLG) was established during 2007–08, replacing the former Executive Management Board and National Managers' Group. The SLG is the AFP's peak advisory committee and assists the AFP Commissioner in making decisions and exercising his statutory responsibilities.

The SLG membership comprises the Commissioner (the Chair), Deputy Commissioners, Chief Operating Officer, Chief Police Officer ACT Policing, Chief of Staff (the Secretary), Assistant Commissioners and other National Managers and two non-executive members. During 2007–08, the two non-executive members were Mr Will Laurie and Ms Elizabeth Montano.

The role of the SLG includes reviewing and guiding the AFP's strategic direction and determining the objectives and priorities for the organisation. During its meetings throughout the reporting period, in addition to standing items such as finance, human resource and workforce planning, a range of strategic issues were considered. These included:

- organisational culture and its impact on the AFP
- business model restructuring including the establishment of a new function, High Tech Crime Operations, to address emerging technologies
- climate change impacts on law enforcement
- a preliminary report of a review on the AFP Functional Model
- the new iteration of the AFP's Strategic Plan.

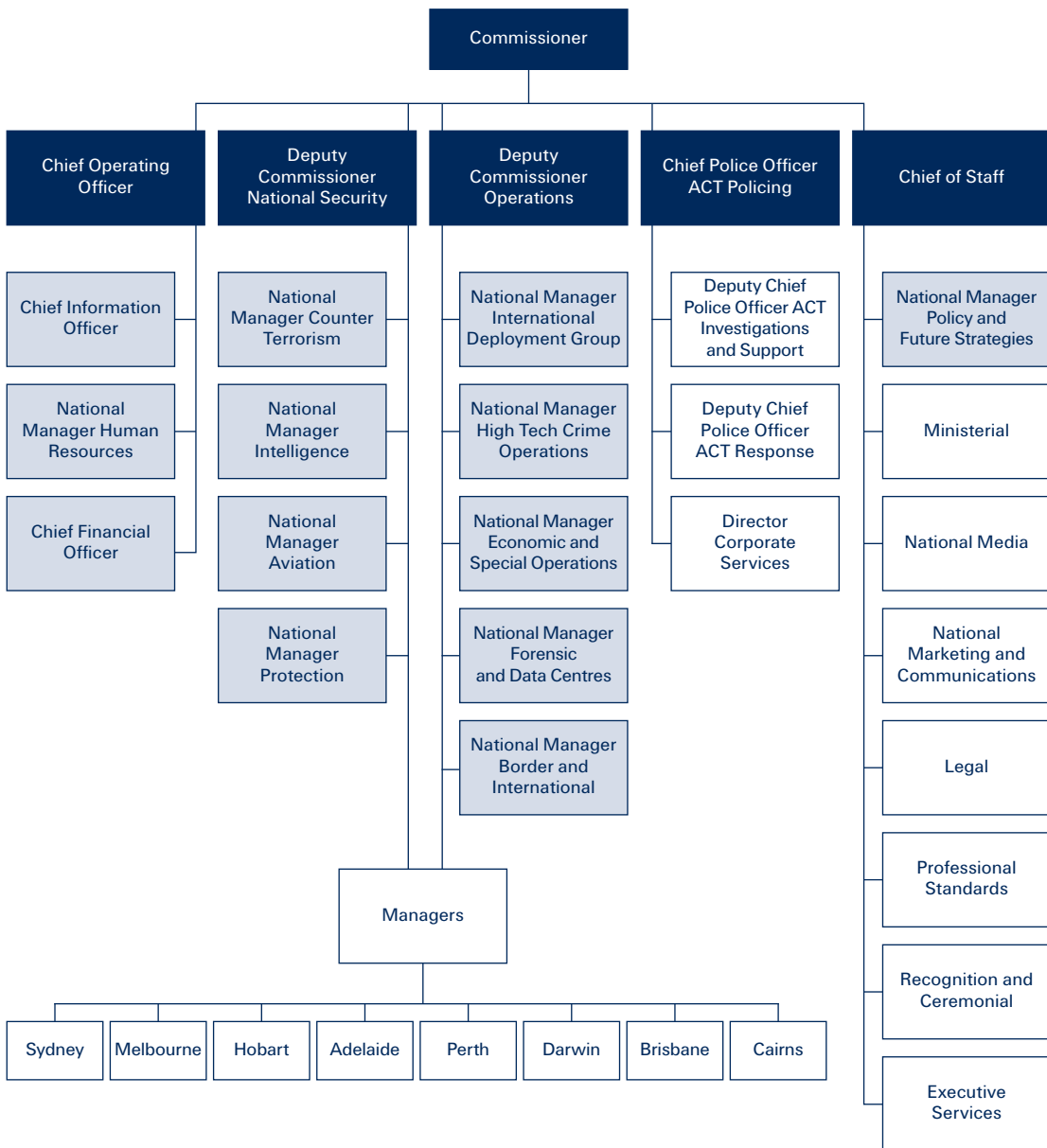
## Executive Team

Chart 1: The AFP's Executive Structure at 30 June 2008



# Organisation Chart

Chart 2: The AFP's Organisational Structure at 30 June 2008



# Outcome Structure

## Outcomes and Outputs

Chart 3: The AFP's Outcomes and Outputs Structure for 2007-08

