



AFP
AUSTRALIAN FEDERAL POLICE

ANNUAL REPORT

2011–12



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Contact officer for this report

Inquiries about this report should be directed to:

Manager Strategic Policy
Policy and Governance
Australian Federal Police
GPO Box 401
Canberra ACT 2601
Phone: (02) 6131 5722
Email: Tim.Slaterry@afp.gov.au

General inquiries

Post

Written requests for general information can be sent to:

Australian Federal Police
GPO Box 401
Canberra ACT 2601

Telephone

General inquiries can be made by phoning the AFP's national switchboard on (02) 6131 3000.

The hearing impaired can contact the AFP through a telephone typewriter facility: (02) 6256 7700.

For freedom of information requests, phone the AFP on (02) 6131 6131.

Internet

For general information, go to the AFP website: www.afp.gov.au

For an electronic version of this annual report and previous annual reports, go to: www.afp.gov.au/media-centre/publications/annual-reports.aspx

Letter of transmittal

2 October 2012

The Hon Jason Clare MP
Minister for Home Affairs and Justice
House of Representatives
Parliament House
Canberra ACT 2600

Dear Minister

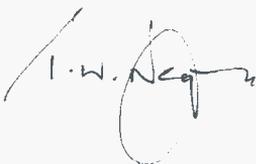
I am pleased to submit the Australian Federal Police annual report for the year 1 July 2011 to 30 June 2012. The report has been prepared in accordance with the *Australian Federal Police Act 1979* and the *Financial Management and Accountability Act 1997*.

This report summarises the performance of the Australian Federal Police for 2011–12 and includes the audited financial statements.

A copy of this report is to be laid before each House of Parliament on or before 31 October 2012.

In accordance with guideline 5.8 of the *Commonwealth fraud control guidelines 2011*, I hereby certify that the Australian Federal Police has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes and that the AFP is taking all reasonable measures to minimise the incidence of fraud in its agency and to investigate and recover the proceeds of fraud against the agency.

Yours sincerely

A handwritten signature in black ink, appearing to read 'T. W. Negus', with a large, stylized flourish at the end.

TW Negus APM
Commissioner

AFP principal locations

National Headquarters

Australian Federal Police
Headquarters
47 Kings Avenue
Barton ACT 2600
(02) 6131 3000
Media inquiries: (02) 6131 6333

Australian Capital Territory Policing

Winchester Police Centre
Cnr College Street and Benjamin Way
Belconnen ACT 2617
(02) 6256 7777
Media inquiries: (02) 6264 9460

Adelaide Office

Australian Federal Police
Level 8, 55 Currie Street
Adelaide SA 5000
(08) 8416 2811

Brisbane Office

Australian Federal Police
203 Wharf Street
Spring Hill Qld 4000
(07) 3222 1222

Darwin Office

Australian Federal Police
4 Pederson Road
Marrara NT 0812
(08) 8980 1300

Hobart Office

Australian Federal Police
Level 7, 47 Liverpool Street
Hobart Tas. 7000
(03) 6230 1510

Melbourne Office

Australian Federal Police
383 La Trobe Street
Melbourne Vic. 3000
(03) 9607 7777

Perth Office

Australian Federal Police
619 Murray Street
West Perth WA 6005
(08) 9320 3444

Sydney Office

Australian Federal Police
110 Goulburn Street
Sydney South NSW 2000
(02) 9286 4000

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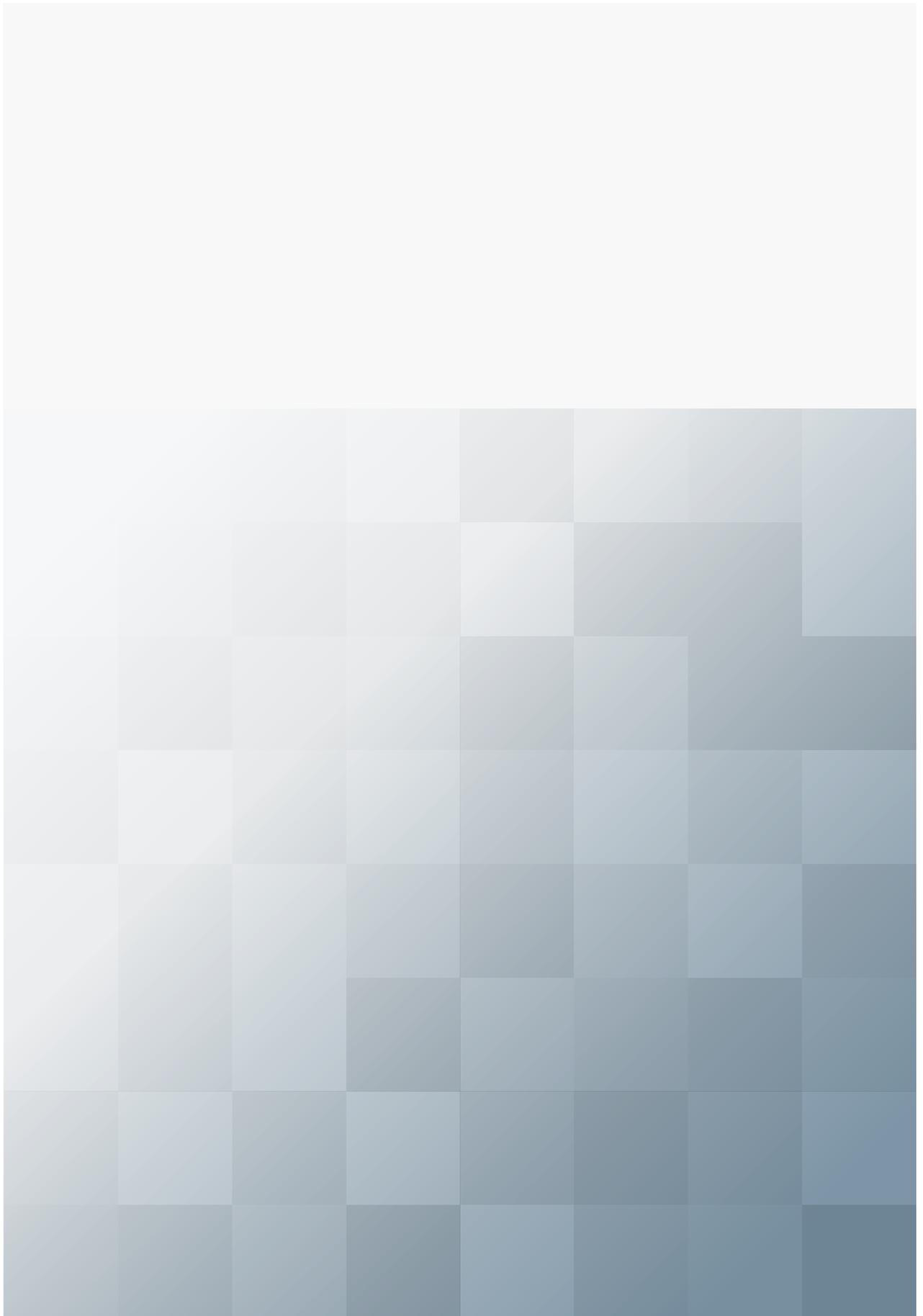
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COMMISSIONER'S REVIEW





OVERVIEW

The 2011–12 reporting year has again been a challenging, yet highly successful period for the Australian Federal Police (AFP) in enforcing Commonwealth law and attacking organised crime and terrorism.

On the back of a very successful year in 2010–11, the positive results achieved this year against all 33 key performance indicators, as well as the range of other material contained in this report, show further improvement in the AFP's all-round performance. These excellent results have been achieved while delivering a net budget surplus of \$12 million (excluding depreciation and bond rate movements).

During the period the AFP has continued to provide high-level advice to government on a range of domestic and international policing issues, as well as contributing to broader Commonwealth interests such as maintaining the integrity of Australia's border, contributing to disaster response, conducting peacekeeping with the United Nations and assisting foreign police development in areas such as Solomon Islands, Timor-Leste and Afghanistan.

In line with the AFP's seven strategic management principles (page 6), in 2011–12 we continued to focus on reinvigorating our investigative and operational capabilities to accord with the operating environment, to drive efficiencies, to improve relationships with national and international partners and to continue to contribute to whole-of-government efforts.

The positive outcomes of the AFP's strategy to continue to build our investigative and operational capabilities are demonstrated in the following 2011–12 results:

- The AFP met or exceeded all 33 key performance indicators.
- Overall, cases reaching court resulted in a 95 per cent conviction rate.
- Drug and fraud investigations resulted in a return on investment ratio of 8 to 1.
- The Drug Harm Index calculation for 2011–12 was over \$5.1 billion compared with last year's result of \$1.2 billion, with the associated Estimated Financial Return trebling to \$871 million.
- Over \$97 million of proceeds of crime were restrained, more than double the amount of the previous year.
- AFP members were rapidly deployed to immigration detention centres in response to unrest and assisted in restoring order on a number of occasions.
- The AFP maintained an operational footprint across Australia and internationally.

The AFP's revised executive structure has now been in operation for two full financial years, with three deputy commissioners and a chief operating officer responsible for running day-to-day business. This structure and the organisational changes implemented to support the establishment of a more holistic Crime Program have proven very successful during the review period. The changes continue to deliver enhanced operational flexibility, allowing the AFP to deliver better outcomes across the board.

As at 30 June 2012 the AFP had 6543 staff comprised of sworn police (3321), protective service officers (836) and unsworn staff (2386).

The AFP's \$1289 million departmental operating income for 2011–12 was comprised of \$1002 million in government appropriation, \$142 million from the ACT Government for the delivery of policing services and \$145 million in other externally generated revenue. In addition, the AFP received \$54 million in government appropriation for capital expenditure and \$8 million as an equity injection as part of new initiatives. The AFP also administered \$44 million in expenses on behalf of the government in 2011–12.

In the 2011–12 financial year the AFP reported a net surplus from operating activities of less than 1 per cent of total budget. This net underspend was largely caused by delays in employing new staff and a deliberate restraint in expenditure, implemented to partially offset an increase in the cost of the agency's leave provisions.

Audited financial statements showing the AFP's full financial position appear under the heading 'Financial statements' in this report.

ACCOUNTABILITY

The AFP operates within a strong and comprehensive oversight and accountability framework, starting with the Ministerial Direction through which the Minister for Home Affairs and Justice outlines the government's strategic priorities for the AFP. Against the Ministerial Direction and through our Portfolio Budget Statements and annual reports, the AFP is accountable to parliament.

Additional oversight comes through Australian National Audit Office examination and Commonwealth Ombudsman review of the AFP's exercise of specific powers. The Australian Information Commissioner oversees the AFP in relation to privacy and freedom of information obligations. AFP employees are also subject to professional standards and complaints regimes which are overseen by the Ombudsman and the Australian Commission for Law Enforcement Integrity.

The AFP has also worked well with the Joint Parliamentary Committee on Law Enforcement, established in 2010–11, which affords the parliament, outside of the Senate Estimates process, an ability to monitor and report on the performance of the AFP. The committee also has the ability to examine trends and changes in criminal activities, practices and methods and report on any desirable changes to the functions, structure, powers and procedures of the AFP.

OPERATIONAL REVIEW

Operationally it has been another very successful year for the AFP, meeting or exceeding all 33 of the AFP's key performance indicators (KPIs) set in the 2011–12 Portfolio Budget Statements. Further, the level of stakeholder satisfaction was

the highest ever recorded (90 per cent satisfied or very satisfied) based on survey responses from over 826 stakeholders.

The AFP dealt with a total of 4232 new referrals in 2011–12. The majority of these were related to the Crime Program. The high-priority matters were mainly drug importations, online child sex offences, economic crime including money laundering and fraud, people smuggling, human trafficking and counter-terrorism. New referrals also included a large number of requests from other law enforcement agencies (both domestic and international).

The AFP continued to rigorously target illicit drug importation, undertaking 329 new drug investigations in 2011–12 leading to the seizure of 14 838 kilograms of illicit drugs.

Key investigations in the period included:

- Operation Hitch, which saw the National Narcotics Control Commission of the People's Republic of China and the AFP join forces for the first time to dismantle an alleged transnational drug importation syndicate
 - As a result of this long-running joint investigation, authorities in Australia and China seized a combined total of 3.35 tonnes of safrole oil, with a pure weight of 331 kilograms, which is capable of producing approximately 274 kilograms of pure MDMA. In addition, this joint operation led to the arrest of six people in China and three in Australia.
- Operation Paradigm, which resulted in the seizure of approximately 271 kilograms of cocaine with a street value of approximately \$200 million and the arrest of three men
- Operation Polaris–Whitesea, which resulted in the seizure of 11 tonnes of hypophosphorous acid (a precursor chemical used for the domestic manufacture of methylamphetamine)
- Operation Zanella–Avalon, which resulted in the seizure of 300 kilograms of cocaine worth \$78 million from a yacht in Queensland, the restraint of \$3.9 million in assets and the arrest of four people
- Operation Manzanita, a joint investigation with the Australian Customs and Border Protection Service, where the AFP seized 104 kilograms of heroin and 117 kilograms of pseudoephedrine, resulting in the arrest of one person.

As part of our ongoing efforts to attack organised crime and remove the proceeds of criminal activity, during the reporting period the AFP formally established a permanent multi-agency Criminal Assets Confiscation Taskforce. The taskforce is an AFP-led Commonwealth initiative that combines the resources of the AFP, the Australian Taxation Office and the Australian Crime Commission. The taskforce increased the criminal assets restrained from \$41 million in 2010–11 to over \$97 million in 2011–12.

To support the taskforce, amendments to the *Proceeds of Crime Act 2002* have now enabled the AFP to conduct its own proceeds of crime litigation. Under this new capability, the action taken in just one alleged tax evasion case, codenamed Operation Beaufighter, resulted in the restraint of over \$50 million in assets.

The AFP's international relationships are fundamental to our success in a global terrorism and organised crime environment. The AFP maintained liaison officers in 28 countries during the 2011–12 year to facilitate collaboration with international law enforcement partners in order to advance criminal investigations both at a Commonwealth and state level.

During the reporting period the AFP's counter-terrorism efforts in Operation Neath resulted in three men in Victoria each being sentenced to 18 years imprisonment for their role in a plot to attack Australian Defence Force facilities here in Australia. The investigation and prosecution of the case involved multiple state and Commonwealth agencies in a cooperative effort to prevent the attack and bring the offenders to justice.

During the year the AFP also expanded its Terrorism Financing Investigations Unit to incorporate government and private sector partners. This enhanced unit continues to work to identify and investigate the financing of terrorism both within Australia and overseas.

The AFP's counter-terrorism efforts continue to be focused heavily on prevention, training and education both here in Australia and across the region. This included the implementation of the Countering Violent Extremism Strategy during the year to strengthen community resilience to radicalisation and foster greater social cohesion.

Cybercrime also continued to be a focus for the AFP during the past year and the efforts of our investigators in apprehending 171 people for offences concerned with online child exploitation demonstrate the good work being done in this difficult area. The AFP also investigated numerous cyber-attacks on nationally significant information systems and, in Operation Damara, arrested and charged a man from regional New South Wales with significant computer hacking offences. This operation resulted in the largest sentence in Australia's history for computer hacking offences.

During the review period the AFP continued to target people smuggling in Australia's region. The AFP arrested 67 alleged crew and six alleged people smuggling organisers, with 92 crew being convicted (some convictions in 2011–12 resulted from the previous year's arrests). The AFP also continues to work with, and provide capacity development for, regional law enforcement agencies to detect, investigate and disrupt people smuggling syndicates.

In 2011–12 the AFP's Aviation policing capability continued the transition to the 'All-In' sworn AFP police officer model under AFP Project Macer. During the period 158 protective service officers completed their training and transitioned to sworn police roles across Australia's 10 major airports. During this time the AFP also commenced Project Guild to facilitate the transfer of air security officers to the sworn AFP workforce. Both these projects are significant endeavours and provide both efficiencies and improvements to service delivery in the aviation environment.

The AFP also played a key role in many significant national events. During the reporting period the AFP provided protective security advice, as well as significant operational resources and support, for the Commonwealth Heads of Government Meeting in Perth, ANZAC Day ceremonies in Turkey and France and visits to Australia by Her Majesty Queen Elizabeth II, President Barack Obama and United Nations Secretary-General Ban Ki-moon. The Protection portfolio also provided Close Personal Protection to numerous Australian and foreign high-office holders, operated the National Witness Protection Program and protected critical Australian infrastructure.

The AFP's International Deployment Group (IDG) continued to contribute to whole-of-government peacekeeping and capacity building priorities in Afghanistan, Timor-Leste, Solomon Islands, Cyprus, South Sudan, and Papua New Guinea, as well as a range of Pacific Islands countries. The IDG is now widely recognised as a world leader in the training of peacekeepers and the delivery of law enforcement capacity building within developing countries.

The investigations, operations and projects noted above are just a few examples of the work conducted by the AFP over the past year. Much of the AFP's success has been underpinned by the cohesive nature and unified sense of purpose of our corporate, close operations support and operational areas. The diversity of skills and expertise contained within these functions remains integral to front-line policing.

BUSINESS REVIEW

Recommendations from several key reviews were progressed, including the *Federal audit of police capabilities* (the Beale review). As previously reported, the implementation of the agreed recommendations from the Beale review has resulted in more internal flexibility for how we meet our operational priorities.

The AFP's commitment and adherence to our seven strategic principles in day-to-day decision making (see page 6) has realised a number of significant efficiencies for the organisation. The savings realised through these initiatives, as well as the revised business strategies that have been adopted, have allowed the operational components of the organisation to do their job more effectively and front-line policing numbers to be maximised.

Negotiations for the new AFP Enterprise Agreement 2012–16 were conducted throughout the period and concluded in March 2012. The agreement was established through a comprehensive consultation process with staff and unions and has delivered an agreement aligned to the contemporary needs of both staff and the organisation.

The AFP also developed and launched the AFP Leadership Philosophy, which is a values-based framework clearly defining the essential elements that staff require to lead successfully in a law enforcement environment.

The AFP has also implemented a greater focus on customer service training as a means of improving both internal and external engagement and communication. The training was initiated to encourage a consistently high standard of customer service across the AFP.

Social inclusion has continued to be a high priority for the AFP and this was recognised with the AFP receiving a Pride in Diversity award in May 2012, placing the AFP among the top ten organisations in Australia supporting gay, lesbian, bisexual, transgender and intersex people in the workplace.

During the 2011–12 period the AFP also developed a new Strategic Plan for 2012–15, a new Strategic Risk Profile and a new Strategic Audit Plan. These are key corporate documents that will guide the direction of the AFP into the future.

FUTURE OUTLOOK

Australia is faced with ongoing threats to national security, including serious and organised crime and terrorism. These threats emanate from both within Australia and offshore and contribute to a complex and dynamic operating environment for the AFP.

To operate successfully in this environment and to fulfil our mandate into the future, it is critical for the AFP to maintain effective partnerships with a broad range of stakeholders. As a member of the Attorney-General's portfolio and the National Security Community, the AFP will continue to take every opportunity to strengthen stakeholder relationships and promote the AFP's unique role, capabilities and expertise.

The AFP will also continue to drive efficiencies within the organisation to ensure that we maintain our focus on operational outcomes that apprehend offenders or prevent crime, at all times maximising our front-line policing resources. Central to this will be the continuing commitment to our seven strategic principles and our values.

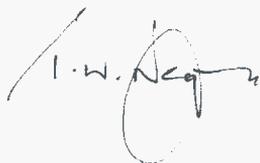
THE SEVEN STRATEGIC PRINCIPLES ARE:

Reinvigorate investigations	Reinvigorate our investigations capability by increasing resourcing and skills in the area.
Flexible deployment	Develop a more flexible tactical capability and deployment model across the uniformed workforce. Align workforce development to workforce deployment through a small number of career streams.
Intelligence-led, risk-based	Enhance our intelligence-led, risk-based approach to prioritise deployment of our resources around criminal and security risks.
One AFP, one corporate	Rationalise and consolidate corporate functions.
Reduce supplier costs	Reduce supplier costs to the AFP such as travel, energy, fleet and property expenses.
Eliminate duplication	Map business processes, especially information and reporting processes to eliminate duplication or low-value processes.
Strengthen stakeholder relationships	Educate and engage our stakeholders around our capability and expertise.

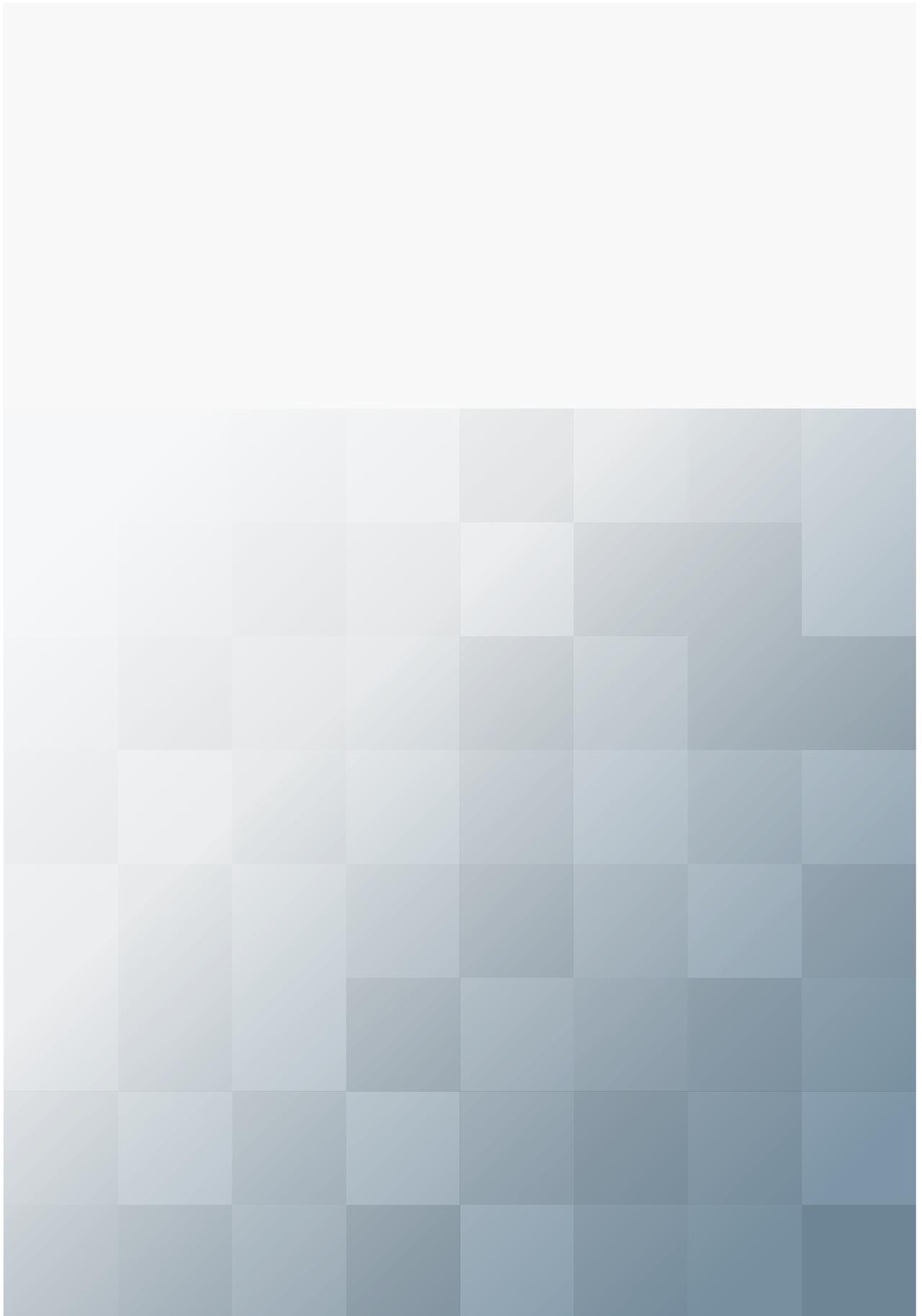
THE AFP'S VALUES ARE:

Integrity	A quality that underpins an individual's soundness of moral principles. It is manifested in their uprightness, honesty and sincerity in their approach to themselves, others and their work.
Commitment	Characterised by dedication, application, perseverance, a belief in a personal capacity and professionalism to achieve and add value.
Excellence	Seeking improvement in everything we do and in the quality of the services we provide.
Accountability	Ownership of work results and personal actions and being answerable for outcomes.
Fairness	Characteristics of respect, impartiality and equity.
Trust	Faith, confidence and being able to rely and depend on others.

Finally, on a personal note, 2011–12 marks my second full reporting year as Commissioner of the Australian Federal Police. The last two years have delivered some of the best results in the AFP's history and it is an honour to lead such an effective and committed team of men and women. I look forward to leading the AFP to meet the challenges that 2012–13 will bring.



TW Negus APM
Commissioner



02

OVERVIEW OF THE AUSTRALIAN FEDERAL POLICE



Role of the AFP

THE ROLE OF THE AFP IS TO ENFORCE COMMONWEALTH CRIMINAL LAW, TO CONTRIBUTE TO COMBATING ORGANISED CRIME AND TO PROTECT COMMONWEALTH AND NATIONAL INTERESTS FROM CRIMINAL ACTIVITY IN AUSTRALIA AND OVERSEAS. AS A KEY MEMBER OF THE NATIONAL SECURITY COMMUNITY, THE AFP LEADS AND CONTRIBUTES TO MANY WHOLE-OF-GOVERNMENT NATIONAL SECURITY INITIATIVES.

The AFP is Australia's international law enforcement and policing representative and the Australian Government's chief source of advice on policing issues. Section 8 of the *Australian Federal Police Act 1979* (the Act) outlines the functions of the AFP, which are:

- 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 and Australia's external territories
- protective and custodial functions as directed by the Minister
- the provision of police services and police support services to assist or cooperate with an Australian or foreign law enforcement agency, intelligence or security agency or government regulatory agency
- the provision of police services and police support services to establish, develop and monitor peace, stability and security in foreign countries.

Strategic priorities

THE AFP'S STRATEGIC PRIORITIES ARE DETERMINED IN ACCORDANCE WITH SECTION 8 OF THE ACT AND MINISTERIAL DIRECTIONS ISSUED UNDER SECTION 37(2) OF THE ACT. THE MINISTER EXPECTS THE AFP, IN PERFORMING ITS FUNCTIONS AND PRIORITISING ITS ACTIVITIES, TO ADHERE TO GOVERNMENT POLICIES AND TO:

- cooperate with Australian Government, state and territory government and international counterpart departments and agencies in developing, implementing and managing national security, law enforcement and crime prevention policies and operational activities, including through information and intelligence sharing
- take account of the government's longstanding opposition to the application of the death penalty in performing its international liaison functions
- continue to develop, implement and manage advanced information and support systems that enable the sharing of criminal information and intelligence among law enforcement and intelligence agencies
- maintain and enhance a professional culture, based on AFP core values, that ensures the community's confidence is maintained at all times, including through effective policing and the AFP workforce respecting and reflecting the diversity of the Australian community
- maintain a contemporary workforce strategy encompassing attraction and retention strategies in relation to Australians from all backgrounds
- build a relationship of trust with the Indigenous community through the expansion of Indigenous recruitment, enhancement of cultural sensitivity within its workforce and improved engagement with Aboriginal and Torres Strait Islander people, including maintaining its Reconciliation Action Plan and Indigenous Employment Strategy
- manage AFP resources efficiently and effectively in accordance with the *Financial Management and Accountability Act 1997* and the Finance Minister's Orders
- maintain a high standard of corporate governance, including risk management, through legislative compliance and fostering a culture of continuous improvement
- protect privacy, work health and safety, and workplace diversity.

The Minister's expectation of the AFP, where appropriate in partnership with other Commonwealth agencies, is to address the following key strategic priorities:

- countering the threat of terrorism to the safety and security of Australians and Australian interests, inside and outside Australia, including through countering violent extremism
- supporting the implementation of the Commonwealth Organised Crime Strategic Framework and preventing, disrupting and investigating serious and organised 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
- contributing effectively to Australia's border management and security, particularly protecting Australia from people smuggling, including by prevention, deterrence and disruption
- 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 internationally mandated peace operations
- countering the threat of cybercrime including through achieving and maintaining a technological edge over criminals

- leading and managing the law enforcement and crime prevention aspects of aviation security
- ensuring that specific individuals, establishments and events, identified by the Australian Government as being at risk, are protected
- contributing actively to broader government programs or initiatives where their successful implementation requires the engagement of law enforcement capabilities
- where possible, identifying emerging criminal threats to the national interest and, for issues in which the AFP has operational expertise, advising on appropriate approaches to counter such threats.

The AFP's focus in the reporting period remained on reducing criminal and other security threats to Australia's collective economic and societal interests. In collaboration with its domestic and regional law enforcement partners, the AFP focused on:

- preventing and investigating organised and serious criminal activity affecting Australians and Australian interests
- countering the threat of terrorism to Australians and Australian interests, both nationally and internationally
- providing assistance to the Pacific region and to other areas of national interest such as Timor-Leste and Afghanistan to strengthen order and their rule of law
- countering the threat posed by high-tech crime and cybercrime.

Reporting structure

AS A RESULT OF THE *FEDERAL AUDIT OF POLICE CAPABILITIES* DELIVERED BY MR ROGER BEALE AO IN 2009, THE AFP CONSOLIDATED ITS KEY NATIONAL CAPABILITIES AROUND THREE CORE OPERATIONAL PROGRAMS: SECURITY AND PROTECTION, INTERNATIONAL DEPLOYMENTS AND SERIOUS CRIME. ALONG WITH ONE OPERATIONAL SUPPORT PROGRAM. THIS RATIONALISED THE PREVIOUS SEVEN PROGRAMS INTO FOUR FOCUSED PROGRAMS AND ALLOWED GREATER FLEXIBILITY IN DIRECTING RESOURCES TO EMERGING AND PRIORITY NEEDS. THE AFP'S REVISED OUTCOME 1 STATEMENT AND ASSOCIATED PROGRAMS FORMALLY TOOK EFFECT FROM 1 JULY 2010.

Outcome 1

Outcome 1 contributes to reduced criminal and security threats to Australia's economic and societal interests through cooperative policing services.

Program 1.1: National Security – Policing

Program 1.1's primary focus is on prevention. It comprises the Counter Terrorism, Aviation and Protection functions.

Program 1.2: International Deployments

Program 1.2 delivers initiatives on behalf of the Australian Government that are aimed at improving regional and international security, stability and governance. It comprises the International Deployment Group.

Program 1.3: Operations – Policing

Program 1.3 seeks to reduce criminal threats to Australia's collective economic and societal interests by employing a multidisciplinary approach to combating crimes against the Commonwealth. The program comprises the Serious and Organised Crime (which includes the International Network) and Crime Operations functions.

Program 1.4: Close Operations Support

Program 1.4 provides specialist support to the AFP's national security and operations programs, in particular keeping pace with advancements in technology and science. It comprises the Operations Support, Intelligence, Forensic and Data Centres, and High Tech Crime Operations functions.

Outcome 2

Outcome 2 contributes to a safe and secure environment through policing activities on behalf of the Australian Capital Territory Government.

Program 2.1: ACT Community Policing

Program 2.1 provides crime and safety management, road safety, prosecution and judicial support, and crime prevention.

Strategic Leaders' Group

THE STRATEGIC LEADERS' GROUP (SLG) WAS ESTABLISHED DURING 2007–08, REPLACING THE FORMER EXECUTIVE MANAGEMENT BOARD AND NATIONAL MANAGERS' GROUP. MEMBERSHIP OF THE SLG COMPRISES THE COMMISSIONER (THE CHAIR), THE DEPUTY COMMISSIONERS, THE CHIEF OPERATING OFFICER, THE CHIEF POLICE OFFICER ACT POLICING, NATIONAL MANAGERS AND TWO NON-EXECUTIVE MEMBERS. THE NON-EXECUTIVE MEMBERS HAVE AN INDEPENDENT ADVISORY ROLE AND THEIR KNOWLEDGE AND EXPERIENCE ADDS VALUE TO THE SLG'S DELIBERATIONS. DURING 2011–12 THE TWO NON-EXECUTIVE (EXTERNAL) MEMBERS WERE MR WILL LAURIE AND MR RIC SMITH AO PSM.

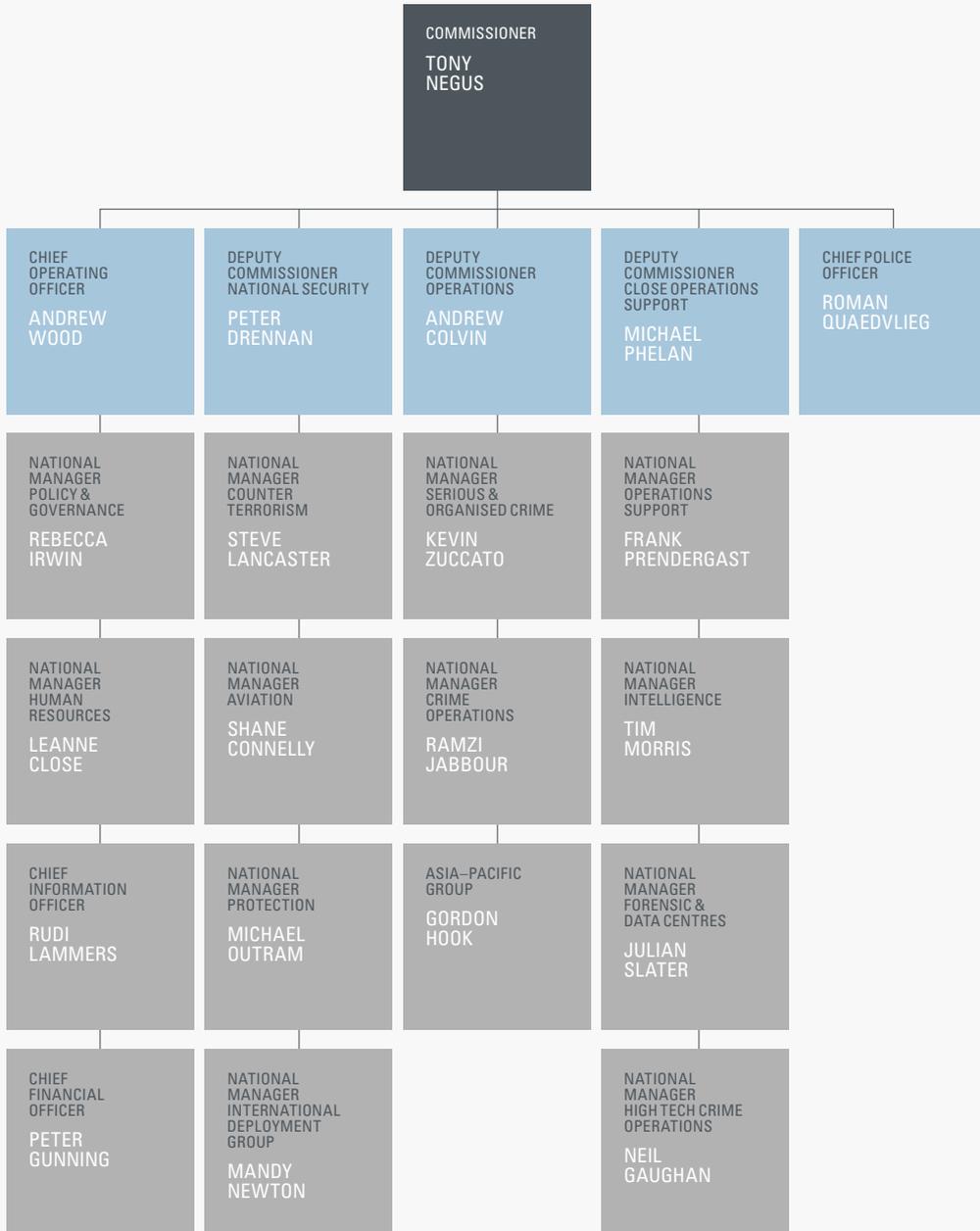
The SLG is the AFP's peak advisory committee and assists the AFP Commissioner in making decisions and exercising his statutory responsibilities. The SLG also supports the Commissioner in developing and enhancing partnerships with external stakeholders.

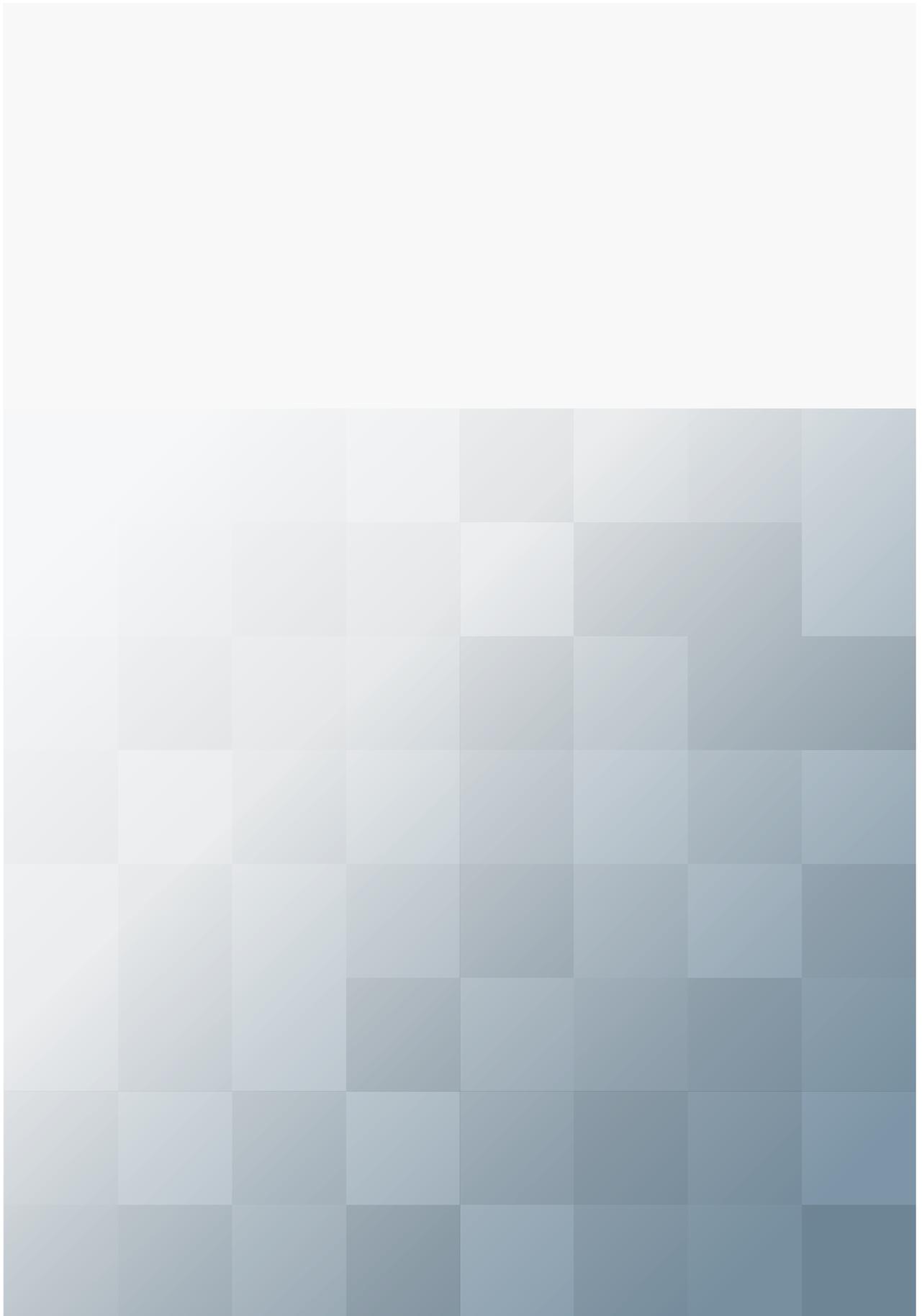
The SLG's purpose is to discuss and provide advice on strategic issues facing the organisation. It enables a streamlined approach in which to manage the business of the AFP across its many diverse portfolios. The role of the SLG includes reviewing and guiding the AFP's strategic direction, having regard to the Ministerial Direction and the annual allocation of resources to functions. During 2011–12 issues considered by the SLG included:

- strategic implications of the emerging environment
- development of the AFP's Strategic Plan for 2012–15, including review of the AFP's vision statement, core values, and priorities
- endorsement of the AFP's Leadership Philosophy
- organisational and financial performance
- direction and challenges for the Criminal Assets Confiscation Taskforce
- the AFP's external budget strategy
- responding to emerging challenges and opportunities in a tight fiscal environment through promoting organisational flexibility and responsiveness
- the role of technology in criminality, emerging technologies and existing gaps
- implementation of the AFP's Fraud Control and Anti-Corruption Plan
- implementation of the Enterprise Agreement for both executive-level staff and the Band 1–8 workforce
- the AFP's strategic risk profile – this document will inform the AFP's strategic decision making and risk management
- the AFP's *Annual intelligence assessment 2012: transnational criminal trends and threats to Australia* and associated risks, trends and likely responses
- the AFP's organisational alignment – examining the challenges associated with aligning the AFP's business with available resources
- Aviation implementation of the All-In Model recommended by the Beale review.
- Protection at Defence bases
- the AFP's engagement with the government's law reform agenda
- progression of the AFP's Spectrum Program (information technology project)
- implications of changes to the *Work Health and Safety Act 2011*.

For the 2012–13 financial year key issues for consideration by the SLG are anticipated to include progression of Program Spectrum, a review of the AFP's International Engagement Strategy and strategic considerations of the AFP's *Environmental scan* and the AFP's *Annual intelligence assessment*. The SLG will also remain focused on maintaining the AFP's strong organisational and financial performance in responding to emerging challenges and opportunities in a tight fiscal environment.

CHART 1: THE AFP'S ORGANISATIONAL STRUCTURE AT 30 JUNE 2012







Outcome 1

THIS SECTION PROVIDES A SUMMARY OF THE PERFORMANCE OF THE FOUR PROGRAMS UNDER OUTCOME 1: NATIONAL SECURITY – POLICING, INTERNATIONAL DEPLOYMENTS, OPERATIONS – POLICING AND CLOSE OPERATIONS SUPPORT (TABLES 1 TO 4). FURTHER DETAILS OF PERFORMANCE AND DELIVERABLES ARE IN CHAPTERS 4 AND 5.

The performance outcome for Outcome 1 is 'reduced criminal and security threats to Australia's collective economic and societal interests through cooperative policing services'.

The consolidated program structure set in 2010 and the Outcome statement remain unchanged. All 33 key performance indicators (KPIs) and targets are consistent with those listed in the 2011–12 AFP Portfolio Budget Statements (PBS). The performance framework is relatively stable and results for 2009–10 and 2010–11 are included in tables 1 to 4, where possible, to provide historical context for the outcomes for 2011–12. The internal client satisfaction indicator for the Close Operations Support program was discontinued as an externally reported measure. Performance of these support areas regarding collaboration is reflected in the success of other operational programs within the AFP.

PERFORMANCE SUMMARY

The AFP met or exceeded targets for each of the 33 KPIs (tables 1 to 4). This is the best result since comprehensive reporting of KPIs against targets was introduced in 2009–10. Strong operational results have been achieved across all programs. Stakeholder satisfaction is also the highest ever recorded, reaching 90 per cent overall for the AFP as a whole for the first time in the 10 years that the Business Satisfaction Survey has been undertaken. This is a five percentage point increase from the overall result in 2010–11 and is based on responses from 826 external clients, stakeholders and partners.

Program 1.1: National Security – Policing

This program comprises Aviation, Counter Terrorism and Protection. The primary focus of this program is prevention, achieved through collaborative policing within the national security sector. The level of cooperation with partners is measured by the satisfaction percentage which improved from 90 per cent to 93 per cent in 2011–12 (Table 1, KPI 1).

The emphasis on prevention, disruption and investigation across the National Security functions is evidenced through the other KPIs within Program 1.1. The level of prevention activities are captured through KPI 3 (Counter Terrorism), KPI 7 (Aviation) and the new Protection KPIs 9 and 10. All Aviation response time targets were achieved (KPI 8). The level of community confidence in the AFP's contribution to law enforcement and security at major Australian airports (KPI 6) is established through the annual AFP Airport Consumer Confidence Survey. In 2012, 1987 travellers were interviewed. An overall increase of five percentage points was observed this year, with 82 per cent of respondents indicating satisfaction. The target of 75 per cent was met across all airports.

TABLE 1: PERFORMANCE OF NATIONAL SECURITY – POLICING IN RELATION TO PBS KPI

PROGRAM 1.1: NATIONAL SECURITY – POLICING						
Key performance indicator	2009–10	2010–11	2011–12	Target	Met?	
				2011–12		
PROGRAM LEVEL						
KPI 1. Level of external client/stakeholder satisfaction (percentage of clients satisfied or very satisfied) ¹	90%	90%	93%	85%	Yes	
COUNTER TERRORISM						
KPI 2. Percentage of time spent on high-impact to very high-impact cases	99%	96%	98%	95%	Yes	
KPI 3. Percentage of counter-terrorism investigations that are preventive (not responsive)	100%	100%	100%	100%	Yes	
KPI 4. Percentage of time spent on operational activity (versus capacity development activity)	83% v. 17%	82% v. 18%	85% v. 15%	≥75% v. <25%	Yes	
KPI 5. Percentage of counter-terrorism investigations that result in a prosecution, disruption or intelligence referral outcome	100%	100%	100%	90%	Yes	
AVIATION						
KPI 6. Level of community confidence in the contribution of the AFP to aviation law enforcement and security (percentage of Aviation network users satisfied or very satisfied) ²	76%	77%	82%	75%	Yes	
KPI 7. Proportion of resources used to undertake proactive and intelligence-led counter-terrorism, crime management, public order and first response operations	84%	93%	95%	70%	Yes	
KPI 8. Response to aviation law enforcement and/or security incidents in accordance with priority response times	Priority 1: within 5 mins	81%	83%	82%	75%	Yes
	Priority 1: within 10 mins	95%	97%	97%	90%	Yes
	Priority 2: within 15 mins	91%	92%	94%	75%	Yes
	Priority 2: within 20 mins	96%	96%	97%	90%	Yes
	Priority 3: within 90 mins	99%	99%	100%	75%	Yes
	Priority 3: within 120 mins	100%	99%	100%	90%	Yes
	Priority 4: within 24 hrs	100%	100%	100%	90%	Yes

PROGRAM 1.1: NATIONAL SECURITY – POLICING (CONTINUED)

Key performance indicator	2009–10	2010–11	2011–12	Target 2011–12	Met?
PROTECTION					
KPI 9. Percentage of time dedicated to preventive (P) versus response (R) activities (Uniform Protection) ³	n.a. ⁴	n.a. ⁴	99% (P) v. 1% (R)	≥80% v. <20%	Yes
KPI 10: Percentage of time dedicated to preventive versus response activities (Close Personal Protection) ⁵	n.a. ⁴	n.a. ⁴	21% (P) v. 79% (R)	<40% v. ≥60%	Yes
KPI 11: Number of avoidable incidents per 5000 hours ⁶	n.a. ⁴	n.a. ⁴	0.03 ⁷	<4	Yes

1. Based on the AFP Business Satisfaction Survey.

2. Based on the AFP Airport Consumer Confidence Survey.

3. New KPI in 2011–12. Preventive activities for Uniform Protection include active patrolling, monitoring of electronic measures, alarms and closed-circuit television, and access/egress support. Response activities include response to security incidents.

4. Not applicable – new KPI introduced in 2011–12.

5. New KPI in 2011–12. Preventive activities for Close Personal Protection include close personal protection advances, major event planning and training. Response activities include provision of close personal protection and operational responses to major events.

6. New KPI in 2011–12. Avoidable incidents are defined as incidents that could have been avoided through physical action, intervention or reasonable intelligence that result in death, injury or loss of dignity or embarrassment to those individuals and interests identified by the Australian Government or the AFP as being at risk.

7. Based on two incidents in 2011–12.



Protection services provided by the AFP

Program 1.2: International Deployments

The International Deployments program contributes to national security by providing policing support and policing capacity development to enhance the rule of law internationally.

The level of satisfaction of both International Deployment Group (IDG) domestic clients (KPI 13) and international clients (KPI 12) again exceeded

the targets (Table 2). The IDG also received positive findings in a number of external reviews (KPI 14). In 2011–12 the IDG has integrated the performance assessment methodologies developed by the University of Queensland ensuring consistency between AFP and AusAID monitoring and evaluation processes (KPI 15). Resources were directed in accordance with the World Bank's rule of law indicators (KPI 16) and 90 per cent were committed to countries in the Asia–Pacific region (KPI 17).

TABLE 2: PERFORMANCE OF INTERNATIONAL DEPLOYMENTS IN RELATION TO PBS KPI

PROGRAM 1.2: INTERNATIONAL DEPLOYMENTS						
Key performance indicator ¹	2009–10	2010–11	2011–12	Target 2011–12	Met?	
Level of external client/stakeholder satisfaction (percentage satisfied or very satisfied) ²	KPI 12. International clients	82%	100%	100%	80%	Yes
	KPI 13. Australian clients/stakeholders	85%	91%	88%	85%	Yes
KPI 14. Quality assurance review feedback from internal and external reviews	Positive feedback	Positive feedback	Positive feedback ³	Positive feedback	Yes	
KPI 15. Milestones in the University of Queensland project: measuring the impact of IDG's contribution to peace operations and international capacity building	On schedule	Finalised	Implementing ⁴	Implementation	Yes	
KPI 16. Percentage of mission resources committed to countries with rule of law indicators below the international median ⁵	n.a.	94%	90%	80%	Yes	
KPI 17. Percentage of mission resources committed to countries in the Asia–Pacific region	n.a.	92%	90%	85%	Yes	

1. The International Deployments indicator 'Number of police per capita committed to support multilateral missions' was discontinued due to the difficulties in obtaining accurate statistics from other nations.
2. Based on the AFP Business Satisfaction Survey.
3. IDG received positive feedback in the Independent Review of Aid Effectiveness, RAMSI Review Independent Experts Team Evaluation and the Office of Development Effectiveness Evaluation of Australian Law and Justice Assistance.
4. IDG has integrated the performance assessment methodologies, developed by the research team at the University of Queensland, ensuring consistency with AFP and AusAID monitoring and evaluation processes. Throughout 2011–12 the Pacific Police Development Program (Regional) has employed the methodologies to gauge stakeholder attitudes and the strength of rule of law in a number of smaller island nations in the Pacific to better guide police development initiatives in those countries. All IDG mission commanders will be provided with information packages and the necessary guidance to assist them in enhancing their stakeholder engagement strategies and monitoring improvements in the strength of rule of law in their mission areas of influence. As a component of quarterly mission reporting, mission commanders will report on the outcome of those improvements and assessments.
5. International median based on annual Rule of Law figures published by the World Bank.

Program 1.3: Operations – Policing

The Operations – Policing program comprises the Serious and Organised Crime function and the Crime Operations function and is collectively referred to as the Crime Program.

The success of the multidimensional approach of the Crime teams is reflected in the high level of overall external stakeholder satisfaction with the Crime Program measured by the Business Satisfaction Survey (92 per cent, KPI 18). This is a 10 percentage point increase from the corresponding figure from 2010–11. More specifically, satisfaction with operational and investigative collaboration also showed a large improvement from 80 per cent to 92 per cent in 2011–12. Other indicators also reflect the adherence to strategies within the Organised Crime Strategic Framework such as the level of Serious and Organised Crime investigations conducted under joint agency agreements (KPI 19, 58 per cent) and targeting the criminal economy (KPI 21).

Just under one-third of investigations target the criminal economy (31 per cent) either through primary or secondary financial investigations. This has resulted in further increases in the amount of criminal assets restrained (KPI 22). The total value for 2011–12 of \$97 million is over twice the value restrained in 2010–11 (\$41 million). These results have been influenced by the creation of the Criminal Assets Confiscation Taskforce, made permanent in the reporting period.

The success of both fraud and drug investigations is reflected in a positive return on investment ratio of 8 to 1 (KPI 20). This ratio has been calculated based on those matters which have proceeded through to finalisation (so that all costs related to prosecution can be enumerated). This is a slight change in methodology and has resulted in a more conservative estimate than reported previously (13 to 1). The main components of this calculation are the Estimated Financial Return and the Drug Harm Index. The Drug Harm Index (\$5.1 billion) is over four times the figure for the 2010–11 financial year (\$1.2 billion). The Estimated Financial Return has also more than trebled (\$871 million compared with \$249 million in 2010–11). Details of disruption to illicit drug activity both nationally and internationally are provided in Chapter 4.

An overall conviction rate of 95 per cent was achieved among all Crime Program cases reaching court (KPI 23).

TABLE 3: PERFORMANCE OF OPERATIONS – POLICING IN RELATION TO PBS KPI

PROGRAM 1.3: OPERATIONS – POLICING					
Key performance indicator	2009–10	2010–11	2011–12	Target 2011–12	Met?
KPI 18. Level of external client/stakeholder satisfaction (percentage of clients satisfied or very satisfied) ¹	n.a.	82%	92%	80%	Yes
KPI 19. Percentage of serious and organised crime operations conducted under joint agency agreements	n.a.	51%	58%	55% ²	Yes
KPI 20. Return on investment for investigation of transnational crime ³	n.a.	13	8	>1	Yes
KPI 21. Percentage of cases targeting the criminal economy ⁴	n.a.	18%	31%	20% ⁵	Yes
KPI 22. Assets restrained (\$m) ⁶	18.9	41.1	97.4	Increased ⁷	Yes
KPI 23. Percentage of cases before court that result in conviction	96%	99%	95%	90%	Yes

1. New KPI in 2011–12. KPI 18 based on the AFP Business Satisfaction Survey. Two survey indicators were replaced by a consolidated overall measure of client satisfaction for the Operations – Policing program for consistency with the other programs.
2. The KPI 19 target has increased from 50 per cent in 2010–11 to 55 per cent in 2011–12.
3. KPI 20 is limited to cases finalised in 2011–12. This ensures that benefits and costs are fully aligned and enumerated.
4. KPI 21 – the KPI business rule was re-evaluated in 2011–12 to capture both primary and secondary financial investigations.
5. The KPI 21 target has increased from 15 per cent in 2010–11 to 20 per cent in 2011–12.
6. New KPI in 2011–12.
7. The KPI 22 reflects increased movements in value above the previous 5-year average (\$31.5 million).

Program 1.4 – Close Operations Support

The Close Operations Support program provides specialist support to the AFP National Security and Operations programs, particularly to address advancements in technology and science. It is comprised of AFP Forensic and Data Centres, the High Tech Crime Operations function, the Intelligence function and the Operations Support function.

Client satisfaction increased from 84 per cent in 2010–11 to 90 per cent in 2011–12 (KPI 24, Table 4). Strong results were posted for each of the component areas (Forensic and Data Centres 96 per cent, High Tech Crime Operations 90 per cent, Operations Support 88 per cent and Intelligence 87 per cent). In addition satisfaction

with specific products and services provided by Intelligence improved by seven percentage points to 91 per cent.

Forensic and Data Centres met its service-level targets for quality (KPI 25), timeliness (KPI 26), throughput (KPI 27) and capacity building (KPI 28).

High Tech Crime Operations exceeded its investigations targets for case prioritisation (KPI 29) and positive case outcomes (KPI 30 and KPI 31). High Tech Crime Operations reported 109 cases before court (KPI 30). This is well above the target (70 cases) and last year's figure (73 cases). A 99 per cent conviction rate was achieved for cases reaching court (KPI 31). High Tech Crime Operations also exceeded its targets for technology crime awareness training of internal staff (KPI 32) and the school community (KPI 33).

TABLE 4. PERFORMANCE OF CLOSE OPERATIONS SUPPORT IN RELATION TO PBS KPI

PROGRAM 1.4: CLOSE OPERATIONS SUPPORT					
Key performance indicator	2009–10	2010–11	2011–12	Target 2011–12	Met?
PROGRAM LEVEL					
KPI 24. Level of external client/stakeholder satisfaction (percentage of clients satisfied or very satisfied) ¹	84%	84%	90%	85% ¹	Yes
FORENSIC AND DATA CENTRES					
KPI 25. National Association of Testing Authorities Accreditation (ISO 17025) in all relevant forensic disciplines	Current	Current	Current	Maintained	Yes
KPI 26. Provision of timely technical intelligence to the AFP and partner agencies (percentage of responses within five business days)	n.a.	91%	95%	90%	Yes
KPI 27. Number of forensic service requests completed	n.a.	Above lower limit ³	Inside limits	Within 95% limits ²	Yes
KPI 28. Offshore capacity building projects (percentage of scheduled deliverables completed)	n.a.	100%	100%	80%	Yes
HIGH TECH CRIME OPERATIONS					
KPI 29. Technology crime investigations: percentage of time spent on high-impact to very high-impact cases	97%	95%	86%	80%	Yes
KPI 30. Technology crime investigations: number of high-impact to very high-impact cases reaching court	n.a.	73	109	703	Yes
KPI 31. Technology crime investigations: percentage of cases before court that result in conviction	97%	97%	99%	90%	Yes
KPI 32. Percentage of AFP personnel completing technology-related (Tier 1) training	n.a.	64%	80%	40% ⁴	Yes
KPI 33. Enhanced community awareness of technology crime (percentage of surveyed sample indicating increased awareness or reinforcement of awareness post delivery of presentations)	83%	82%	86%	80%	Yes

1. KPI 24 is based on the AFP Business Satisfaction Survey. Target increased from 80 per cent in 2010–11 to 85 per cent.

2. The KPI 27 target is based on the previous five years of performance applying Control Chart methodology to monthly output. A 5 per cent tolerance to the variability in past performance was applied.

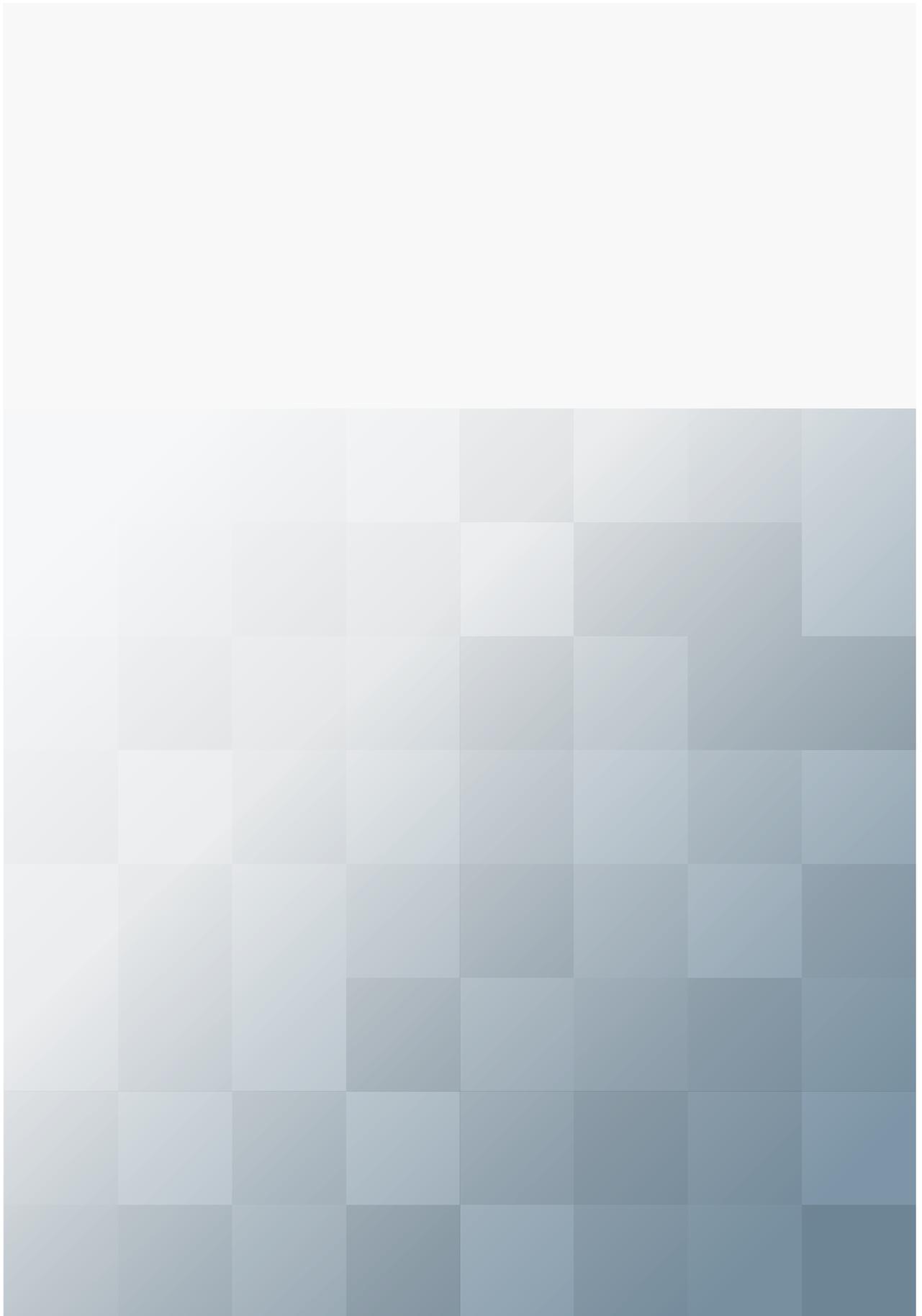
3. The KPI 30 target increased from 60 in 2010–11 to 70 in 2011–12.

4. The KPI 32 target increased from 20 per cent in 2010–11 to 40 per cent in 2011–12.

Outcome 2: ACT Policing

ACT Policing's performance is measured by one major outcome and a series of outputs and performance measures articulated in the purchase agreement (see Outcome 2 in Chapter 4).

More information about performance can be found in the ACT Policing annual report available at www.police.act.gov.au or through ACT Policing Media and Marketing on (02) 6264 9460, act-police-marketing@afp.gov.au.





Outcome 1

Reduced criminal and security threats to Australia's collective economic and societal interests through cooperative policing services

The critical focus of the AFP's Outcome 1 strategy is the application of resources and skills to where they will have the greatest preventive impact and disruptive effect on criminal networks and security threats.

The AFP has four Outcome 1 programs:

- National Security – Policing
- International Deployments
- Operations – Policing
- Close Operations Support.

PROGRAM 1.1: NATIONAL SECURITY – POLICING

Counter Terrorism

HIGHLIGHTS

In 2011–12 AFP Counter Terrorism:

- successfully collaborated with partner agencies to prevent terrorist activity through domestic and international investigations
- consolidated the Terrorism Financing Investigations Unit
- implemented the AFP Countering Violent Extremism Strategy
- renewed the Joint Counter Terrorism Teams' memoranda of understanding
- co-hosted a meeting of senior regional law enforcement representatives at a Counter Terrorism Leaders' Forum in Manila
- delivered counter-terrorism training to 340 members of international law enforcement agencies in the region
- delivered counter-terrorism training to 99 members of the AFP and domestic Joint Counter Terrorism Team partners.

On 16 December 2011 three men were each sentenced to 18 years imprisonment for terrorism offences contrary to section 11.5 and section 101.6 of the *Criminal Code Act 1995*. These outcomes relate to Operation Neath which was a complex, protracted, multijurisdictional counter-terrorism investigation into planned terrorist attacks against Australian Defence facilities.

Overview

The Counter Terrorism function delivers the AFP's intelligence-led response to countering terrorist threats against Australia and Australian interests both domestically and internationally. AFP counter-terrorism investigations focus on preventing serious criminality.

The operational tempo, the commitment to, and resourcing of, counter-terrorism investigations have remained consistent with previous years. The nature of counter-terrorism investigations continues to evolve in response to the evolving tactics and techniques used by individuals and groups to avoid detection. As such, counter-terrorism investigations have become increasingly protracted and complex.

AFP counter-terrorism operations continue to focus on preventing and disrupting terrorist activity directed against Australia and Australian interests, as well as disrupting and dismantling terrorism financing networks, both domestically and internationally. Moreover, there are increasing convergences between domestic and international terrorist activity and a central focus for Counter Terrorism has been investigating the increasing numbers of Australians travelling overseas to engage in, or support, terrorist activity and fighting in conflict zones.

Disrupting extremist activity

The AFP disrupts terrorism activity through a range of mechanisms. For example, during 2011–12 the AFP-led Operation Cottrell focused on an individual involved in the promotion of extremist activities online, including encouraging other persons to become involved in terrorist-related activity domestically and internationally. During the course of this investigation, evidence of other unrelated criminality was identified. Sufficient evidence was obtained to arrest and prosecute the person in a timely way, thereby effectively disrupting his ongoing involvement in the promotion of extremist activity.

In 2011–12 the Counter Terrorism function met all key performance targets through:

- 100 per cent of counter-terrorism investigations being preventive
- 98 per cent of resources being directed to high-impact and very high-impact cases
- 85 per cent of resources being devoted to operational activity and 15 per cent devoted to capacity development activity
- 89 per cent client satisfaction
- 100 per cent of counter-terrorism investigations resulting in a prosecution, disruption or intelligence referral outcome.

Terrorism threat

Terrorism continues to pose a significant threat to Australia's national security.

Current trends in terrorism threats have shifted from large September 11 style attacks to smaller-scale attacks, such as those conducted by 'lone wolf' operatives. Recent examples include the Norway attacks in July 2011 and the shootings in Toulouse, France, in March 2012.

Additional concerns for law enforcement in the current operating environment include:

- the increasing threat of individuals being radicalised on the internet
- Australians who travel overseas to undertake training with terrorist groups or fight in conflict zones
- the threat from persons who espouse a distorted view of Islam to promote violent extremism
- the funding of terrorism activities by Australian diaspora communities and the ability for legitimate charitable organisations to be misused for illegitimate purposes.

Terrorism remains a threat in South-East Asia, in particular Indonesia and the Philippines and more broadly in the Middle East, North Africa and South Asia.

AFP approach to countering terrorism

COLLABORATION WITH DOMESTIC AGENCIES

The Joint Counter Terrorism Teams in each Australian jurisdiction comprise members of the AFP, state and territory police, and the Australian Security Intelligence Organisation (ASIO) and, in the case of New South Wales, the NSW Crime Commission. These teams work collaboratively with domestic agencies, the broader intelligence community and international partners to identify and investigate terrorist activities in Australia, with a focus on preventive operations.

To enhance the AFP and partner agencies' capabilities to investigate counter-terrorism, the AFP delivered Counter Terrorism Investigations Workshops, Advanced Counter Terrorism Investigations Programs, Islamic Awareness courses and several high-level desktop tutorial exercises.

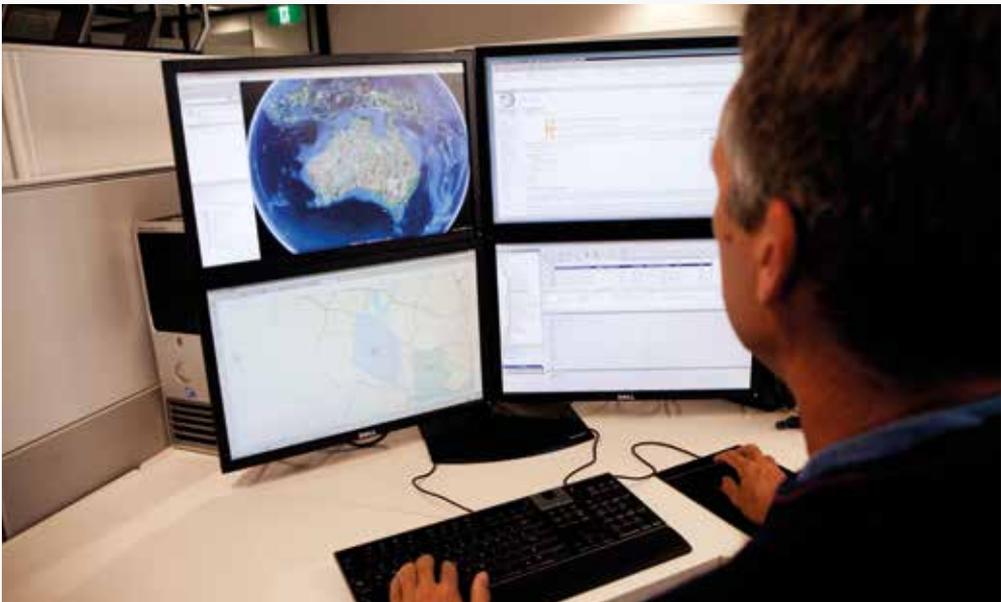
To enhance collaboration across agencies:

- AFP officers were allocated to ASIO investigations that had the potential to become a criminal investigation, thereby ensuring an effective transition when required

- executive-level exchanges were undertaken between the AFP and ASIO
- the memorandum of understanding between the AFP, state and territory police and ASIO – and, in the case of New South Wales, the NSW Crime Commission – for each Joint Counter Terrorism Team was renewed to enhance the nationally consistent governance framework for the strategic management of counter-terrorism operations across Australia
- a Special Operations Liaison Officer from the Australian Defence Force was seconded to the AFP.

COLLABORATION WITH INTERNATIONAL AGENCIES

The AFP remains committed to strengthening collaboration with its international partners, particularly in the Asia–Pacific region, to safeguard Australia's national security and to prevent terrorism at its source. The AFP, in collaboration with international partners, investigates Australians offshore who are alleged or known to engage in terrorist activity. The AFP also maintains a rapid deployment capability to respond to international terrorist activities.



The complexity of counter-terrorism investigations requires cutting-edge technology

The AFP Regional Cooperation Teams in Jakarta and Manila and the Training and Development Centre in Bangkok provide investigative, forensic and analytical support to regional partners concerning counter-terrorism investigations. Counter Terrorism Liaison Officers in Washington DC, London, Jakarta and Islamabad work with host country law enforcement counterparts to promote information exchange on emerging terrorism trends and issues.

To enhance collaboration in the region the Counter Terrorism function:

- co-hosted the Counter Terrorism Leaders' Forum in Manila, the Philippines
 - This forum brought together senior counter-terrorism law enforcement partners from Australia, the Philippines, Malaysia, Thailand, Indonesia and Singapore to enhance regional counter-terrorism strategies, strengthen regional collaboration and promote information exchange.
- facilitated operational-level offshore counter-terrorism working groups to promote cooperation and information exchange
- facilitated an International Counter Terrorism Investigations Workshop in Hong Kong which included scenario-based desktop exercises
- expanded the AFP-developed Case Management and Intelligence System to support international counter-terrorism investigations
- supported visits from Malaysian, Indonesian and British law enforcement counterparts to examine counter-radicalisation and de-radicalisation strategies used by the AFP and other government agencies.

Multifaceted approach to countering terrorism

Strategies to counter violent extremism and terrorism financing are a high priority in AFP counter-terrorism efforts.

COUNTERING VIOLENT EXTREMISM

The AFP continues to support the national approach to countering violent extremism in Australia led by the Commonwealth Attorney-General's Department.

The AFP has implemented a Countering Violent Extremism Strategy aimed at identifying, developing and implementing strategies to strengthen community resilience to radicalisation and assist individuals disengage from violent extremism. Engagement activities aim to identify individuals vulnerable to radicalisation and to foster social cohesion, which forms part of the AFP's preventive approach.

The AFP's Community Liaison Teams and partner agencies engage with the Australian community regarding issues which may affect Australia's national security. These teams strengthen police links with communities identified as being vulnerable to extremist ideologies. Community engagement activities have included Eid al-Fitr dinners which were attended by senior community leaders, government ministers and AFP executives. Other community engagement activities included a range of sporting, entertainment and family events.



AFP celebrates International Women's Day with the Muslim community

In early 2012 the AFP hosted a colloquium on countering violent extremism. This colloquium was designed to enhance Commonwealth and state government understanding of current domestic and international countering violent extremism coordination and information sharing arrangements within an operational context. The colloquium included the contributions of international experts from the United States, United Kingdom and Canada.

COMBATING TERRORISM FINANCING

The multi-agency Terrorism Financing Investigations Unit continued to expand support to the investigation of financing of terrorism and terrorist organisations both domestically and internationally. The Terrorism Financing Investigations Unit comprises representatives from several Commonwealth and state agencies, as well as private sector financial and banking institutions.

The Terrorism Financing Investigations Unit provided significant support and direction to counter-terrorism investigations and established valuable working relationships with law enforcement partners and investigative units internationally. This engagement promoted cooperation and information exchange on terrorism financing issues.

Contribution to whole-of-government activities

The AFP contributed to a number of whole-of-government counter-terrorism reviews including the:

- Inspector-General of Intelligence and Security's *Inquiry into the actions of Australian Government agencies in relation to the arrest and detention overseas of Mr Mamdouh Habib from 2001 to 2005*
- Auditor-General's Performance Audit *Fighting terrorism at its source*
- ongoing work of the Independent National Security Legislation Monitor.

The AFP is also supporting the Council of Australian Government's review of counter-terrorism laws.

NATIONAL COUNTER-TERRORISM COMMITTEE

Throughout 2011–12 the AFP contributed to the National Counter-Terrorism Committee priorities. Through the National Counter-Terrorism Committee Capability Steering Group, the AFP contributed to the strategic direction of several subcommittees to ensure enhancements adequately address changes in the national security environment. These subcommittees included:

- Public Information
- Crisis Coordination and Communication
- Operational Response Capability
- Investigation Support Capability Coordination
- Countering Violent Extremism
- Chemical, Biological, Radiological and Nuclear Security.

The AFP chaired two working groups related to policy development on the national use of closed-circuit television and national interpreter/translator services in counter-terrorism operations.

Counter-terrorism in the future

Terrorism will continue to pose a significant threat to Australia's national security. Ongoing priorities for the AFP include:

- strengthening collaborative arrangements domestically and internationally in order to prevent acts of terrorism onshore and offshore
- identifying the 'lone wolf' terrorist or individuals operating autonomously without direction from a terrorist group
- investigating Australians who travel overseas to train or fight with terrorist groups, some of whom may return to Australia to undertake or encourage attack planning against Australian interests
- the development and implementation of an online strategy to address radicalisation and the use of the internet by terrorist groups, particularly in relation to terrorism financing
- countering violent extremism strategies aimed at identifying individuals vulnerable to radicalisation, strengthening community resilience to radicalisation and assisting individuals disengaging from radicalisation and violent extremism
- conducting terrorism financing investigations to exploit disruption and prevention opportunities
- internationally, working with partners to combat the terrorism threat in the Asia–Pacific region and threats emerging from ongoing conflicts in Somalia, Yemen, Lebanon, Syria, Afghanistan and Pakistan.

Aviation

HIGHLIGHTS

During 2011–12 the Aviation function:

- conducted 214 011 prevention operations, patrols and other activities which reduce the likelihood of terrorist or criminal activity occurring in the airport environment
- attended 20 164 response incidents
- arrested 471 people, resulting in 558 charges, with the Joint Airport Investigation Teams making a further 95 arrests, resulting in 203 charges
- charged 48 people before the court
- summonsed 337 people
- cautioned 861 people
- made 92 deployments to regional airports
- executed 110 warrants on behalf of state and territory jurisdictions
- undertook an interagency operation on laser pointers, which are used to interfere with aircraft flights, resulting in the execution of seven search warrants and the seizure of counterfeit items and \$35 000 in proceeds of crime
- continued implementation of Program Jupiter, with the occupation of Sydney and Darwin airport office accommodation and the official opening of the Murwillumbah canine facility and the Sydney airport AFP premises by the Minister for Home Affairs and Justice
- continued the transition from the Unified Policing Model to a single federal model, known as the 'All-In Model' under Project Macer
- as a result of efficiencies achieved through Project Macer, reduced staffing levels at airports from 782 to 690.

Overview

The AFP Aviation function's role is to ensure security and address criminal threats at Australia's 10 designated airports: Adelaide, Brisbane, Cairns, Canberra, Darwin, Gold Coast, Hobart, Melbourne, Perth and Sydney and to deliver security on select Australia-flagged flights.

Aviation has continued to respond to a broad array of incidents at airports, including supporting AFP Crime Operations on border-related matters, conducting criminal investigations into aviation-specific crime, maintaining a highly visible patrolling presence, responding to community policing incidents and conducting incident preparedness exercises at all major airports.

During 2011–12 the transition from the Unified Policing Model to the All-In Model for policing major airports continued under Project Macer. This transition from complex state, territory and federal arrangements to a single federal model will continue to enhance security, prevent crime and create efficiencies within the aviation sector.

This financial year 158 former protective service officers completed or commenced training to become sworn AFP officers as part of the implementation of the All-In Model. A further 38 previously unsworn AFP appointees also trained and deployed to airports as sworn AFP members.

During the reporting period Project Guild was also established as a subproject of Project Macer to facilitate the transition of the Air Security Officer Program to a sworn AFP member workforce.

Under Program Jupiter the AFP is delivering long-term aviation police facilities in support of Australia's major airports, along with AFP canine facilities. In 2011–12 two sites at Sydney and Darwin were occupied. The Minister for Home Affairs and Justice officially opened the Murwillumbah canine facility on 2 August 2011 and the Sydney airport police facility on 30 March 2012.

In December 2011 the AFP withdrew from Alice Springs airport.

Responses to security threats and crime at airports

AIRPORT POLICING

The AFP officers deployed to airports attend to all matters of security and community policing at those sites. In 2011–12 they:

- conducted 214 011 prevention operations, patrols and other activities which are designed to reduce the likelihood of terrorist or criminal activity occurring within the airport environment
- attended 20 164 response incidents
- responded to 3645 unattended or suspicious packages
- arrested 471 people, resulting in 558 charges
- charged 48 people before the court
- cautioned 861 people
- summonsed 337 people
- made 92 deployments to regional airports.



The AFP works closely with the Australian Customs and Border Protection Service.

RESPONSE TO DRUG CRIME AT AIRPORTS

During the 2011–12 financial year the Aviation function continued to support AFP Crime Operations by responding to border crime at airports. The following operational outcomes are examples of Aviation effort in support of Crime Program operations in Australia:

- On 22 September 2011 a man was arrested and charged for attempting to import approximately 10 kilograms of steroids.
- On 6 November 2011 a woman was arrested and charged for attempting to import approximately 1.2 kilograms of cocaine.
- On 22 January 2012 a man was arrested and charged with attempting to import approximately 8 kilograms of cocaine.
- On 2 April 2012 a man was arrested for allegedly attempting to import approximately 15 kilograms of cocaine.

SIGNIFICANT INVESTIGATIONS

Operation Quentrell

Laser light interference of aircraft has been recognised as an ongoing safety issue and is an AFP Aviation priority. The possession and use of hand-held laser light devices over 1 milliwatt (high-powered laser light devices) in most Australian jurisdictions is an offence.

The AFP implemented a disruption strategy by launching Operation Quentrell to investigate and undertake preventive action in relation to the possession and importation of hand-held laser light devices.

In April 2012 the AFP conducted seven search warrants within the Melbourne area, resulting in the seizure of five laser light pointers and several laser pointer components. Two briefs of evidence were developed incorporating several laser light pointer importation and possession offences, as well as numerous trademark and copyright offences.

Capabilities

AIRPORT UNIFORMED OPERATIONS POLICING

Airport Uniformed Operations Policing (AUOP) officers deliver counter-terrorist first response and national and community policing functions at the 10 designated airports. They enforce Commonwealth law specific to the aviation sector, such as the *Aviation Transport Security Act 2004*, and the *Aviation Transport Security Regulations 2005*. In addition, AUOP officers perform community policing using applied state and territory law where applicable.

NATIONAL AFP CANINE

National AFP Canine provides a highly mobile and effective screening capability over a wide variety of search areas including terminals, baggage, aircraft, vehicles and freight.



AFP Canine provides a highly effective detection capability at airports.

During 2011–12 the National AFP Canine teams conducted:

- 15 590 firearms and explosive detection (FED) searches
- 1898 currency and drug (CAD) searches
- 257 FED and 119 CAD external searches (which included assistance to other AFP functions and external agencies).

BOMB APPRAISAL OFFICERS

Bomb appraisal officers (BAOs) contribute to the protection of persons and critical infrastructure at designated places through bomb threat mitigation, deterrence strategies, operational planning, search of vulnerable areas, education and the appraisal of unattended or suspicious items. During 2011–12 BAOs responded to and appraised 3645 unattended or suspicious packages.

AIR SECURITY OFFICER PROGRAM

Air security officers provide an intelligence-led deterrence capability on selected domestic and international flights to safeguard Australia-registered aircraft against in-flight attack. This includes an in-flight response and resolution capability in the event of an attack.

JOINT AIRPORT INVESTIGATION TEAMS

Joint Airport Investigation Teams (JAITs) provide a specific airport and airstream investigations capacity and are staffed with AFP members, personnel drawn from the Australian Customs and Border Protection Service and seconded state and territory police officers. JAITs proactively target serious and organised criminality and 'trusted insiders' such as aviation employees who exploit, or aim to exploit, infrastructure and security vulnerabilities at the 10 designated airports. During 2011–12 the JAITs made 95 apprehensions which resulted in 203 charges.

REGIONAL RAPID DEPLOYMENT CAPABILITY

Aviation provides a flexible Regional Rapid Deployment Capability that attends regional airports across Australia to provide an active deterrent against terrorist threats and a counter-terrorist first response capability. These deployments also provide an opportunity to educate regional aviation stakeholders on contemporary security measures. During 2011–12 there were 92 deployments to 20 different regional airports.

INCIDENT PREPAREDNESS TEAM

The Aviation Incident Preparedness Team designs and facilitates multi-stakeholder exercises at the designated Australian airports. Exercises are designed to enhance stakeholder emergency and security incident preparedness and response arrangements. Exercises also provide stakeholders with an opportunity to test interoperability capabilities at airports. The team applies a nationally consistent approach to the AFP's incident preparedness and response regime. During 2011–12 the team conducted 18 exercises which focused on emerging security threats that would require an airport evacuation.

Cooperation with, and assistance to, state and territory police

AFP Aviation members worked with state and territory police throughout the reporting period. They executed 110 warrants relating to issues such as armed robbery, attempted robbery, theft, indecent assault and breach of bail conditions on behalf of state and territory jurisdictions.

Protection

HIGHLIGHTS

In 2011–12 Protection:

- planned, coordinated and implemented protective security arrangements for
 - the Commonwealth Heads of Government Meeting in collaboration with the Western Australia Police involving the deployment of more than 250 AFP members
 - ANZAC Day ceremonies in Turkey and France
- commenced operations at five additional Department of Defence locations, requiring the deployment of an additional 110 protective service officers, and at the High Court of Australia
- conducted planning for the London 2012 Olympic and Paralympic Games
- provided protective security for visits to Australia by
 - Her Majesty Queen Elizabeth II
 - President of the United States Barack Obama
 - Secretary General to the United Nations Ban Ki-moon
 - Crown Prince and Crown Princess of Denmark.

Overview

The objective of AFP Protection is to keep individuals and interests identified by the Commonwealth as being at risk safe from acts of terrorism, violent protest and issue-motivated violence. This is achieved through the delivery of protective security services in partnership with other Commonwealth, state and territory agencies and with international law enforcement partners.

AFP Protection services include:

- high-visibility security for Commonwealth establishments in Australia and overseas and for Australian high-office holders, internationally protected persons and the diplomatic community living in Australia, including visiting diplomats
- close personal protection for Australian high-office holders in Australia and when travelling overseas
- close personal protection for designated foreign dignitaries visiting Australia and based in Australia
- administration of the National Witness Protection Program
- planning and coordination of protective security arrangements for special events of national interest
- field intelligence and liaison in support of protective security operations and planning.

Three new key performance indicators specific to Protection were added to the National Security Program in the 2011–12 Portfolio Budget Statements. These new indicators are:

- the number of avoidable incidents per 5000 hours
- the percentage of time dedicated to preventive versus response activities by uniform protection
- the percentage of time dedicated to preventive versus response activities by close personal protection teams.

In 2011–12 all performance targets were met.

Protection operations

The delivery of AFP protective services occurs in a range of settings and is informed by security threat assessments, visit assessment group ratings, risk assessments, proactive protective security intelligence and other sources of information. Protective services delivered during 2011–12 include:

- high-visibility protection for diplomatic and consular missions in Canberra, Melbourne, Perth and Sydney
- high-visibility protection of Commonwealth government establishments including:
 - Parliament House
 - the lawns of Parliament House during demonstrations and public and charity events
 - the official residences of the Prime Minister and the Governor-General
 - the residences of the Prime Minister and the Governor-General during charity and public events, which attract up to 20 000 people annually
 - the High Court of Australia
 - the Australian Embassy in Jakarta, Indonesia
 - the Australian Nuclear Science and Technology Organisation
 - nominated Australian Defence Force locations across Australia



AFP Protection high-visibility patrol

- full-time close protection for Australian high-office holders and foreign dignitaries including:
 - the Prime Minister
 - the Governor-General
 - the Israeli Ambassador to Australia
 - the United States Ambassador to Australia
 - the United States Consul General to Sydney
 - the United States Consul General to Perth
 - the United States Consul General to Melbourne
- temporary close protection for:
 - the Deputy Prime Minister
 - the Commonwealth Administrator
 - the Syrian Ambassador to Australia
- close protection for 40 visits to Australia by foreign dignitaries, including visits by:
 - Her Majesty the Queen and His Royal Highness the Duke of Edinburgh
 - President of the United States Barack Obama
 - Secretary-General to the United Nations Ban Ki-moon
 - Crown Prince and Crown Princess of Denmark
- security liaison for 45 overseas visits by Australian high-office holders
- protective security support for major events:
 - Commonwealth Heads of Government Meeting 2011 in Perth
 - ANZAC Day commemorations in Gallipoli, Turkey, and in Villers-Bretonneux, France
 - continued preparation and advance deployments for the 2012 Olympic and Paralympic Games in London
 - planning for the 10th Anniversary of the Bali bombing, the Asian Football Cup 2015, the Cricket World Cup 2015 and G20 in Brisbane 2014
- a permanent security liaison officer in Indonesia to coordinate protective security arrangements with the Indonesian National Police for the Australian Ambassador and for Australian high-office holders visiting Indonesia.

AFP Protection also provides skills and capabilities that are able to surge in support of the AFP's broader response to unforeseen incidents or threats. In 2011–12 Protection provided assistance to AFP priority operations including:

- deployment of members to Christmas Island in response to unrest at immigration detention centres
- deployment of members to Solomon Islands to conduct public order management training
- high-visibility security at the Syrian Embassy in Australia.

Protection Liaison

Protection Liaison directly supports the AFP's intelligence-led risk-based approach to protective security. It achieves this through regular engagement with representatives from the offices of dignitaries, members of the diplomatic and business communities, protest groups and law enforcement partners.

Protection Liaison is proactive in seeking to identify security risks and keeping stakeholders informed about changes in the security environment. It is necessary therefore that Protection Liaison staff attend some protests, rallies and events to ensure effective lines of communication between event organisers and police.

In 2011–12 Protection Liaison provided support to Protection operations in the lead-up to and during a number of significant events, including the Commonwealth Heads of Government Meeting and the visit by the President of the United States of America. This support included field intelligence teams and close engagement with state police counterparts and Commonwealth agencies.

Commonwealth Heads of Government Meeting

International and Australian leaders, their delegations, foreign dignitaries and business leaders from more than 50 countries arrived in Perth in October 2011 for the Commonwealth Heads of Government Meeting (CHOGM).

CHOGM was the largest security operation of this scale and complexity to be undertaken in Perth and the largest event of this magnitude held in Western Australia.

CHOGM required extensive consultation, planning and collaboration between members of the whole-of-government taskforce, including the AFP, Western Australia Police and other government security and intelligence agencies.

The demand on AFP Protection resources to meet CHOGM commitments required the reinvention of the Close Personal Protection (CPP) 'surge capability', last used for the Asia-Pacific Economic Cooperation forum in 2007.

Under the CPP surge, AFP members previously trained in CPP but now working in other areas of the AFP attend maintenance training and thus requalify in readiness to supplement CPP numbers in times of increased demand.

The role of the AFP was to support arrangements for venues and, through the AFP CPP capability, provide at least one CPP member for every head of government and for any other additional guests of government.

The workforce planning and logistics required were equally challenging. More than 250 officers were deployed, with each officer requiring flight and hotel bookings and supplies including OC (oleoresin capsicum) spray, ammunition and firearms. Large amounts of electronic technical equipment were transferred to Perth to support the operation.

There were more than 6000 police-escorted dignitary movements during the week-long event. In addition to CPP officers, 110 protective service officers (PSOs) were deployed. The PSOs provided mobile patrols, static guarding and electronic surveillance monitoring inside CHOGM venues. Successful interoperability within the whole-of-government taskforce and thorough planning ensured that CHOGM 2011 was free of security incidents.



AFP Protection with the Prime Minister at CHOGM

National Witness Protection Program

The National Witness Protection Program provides protection and assistance to witnesses identified as being at risk because of assistance they have given to police and other law enforcement agencies in significant criminal prosecutions. Through the National Witness Protection Program the AFP engages with local and international law enforcement agencies and shares the knowledge and experience gained from this engagement with all Australian jurisdictions through the Australia New Zealand Policing Advisory Agency. For more information see the *Witness Protection Annual Report 2011–12*.

PROGRAM 1.2: INTERNATIONAL DEPLOYMENTS

International Deployment Group

HIGHLIGHTS

- United Nations (UN) Secretary-General Mr Ban Ki-moon visited the International Deployment Group (IDG) at Majura on 8 September 2011. During the tour the Secretary-General observed a range of complex scenarios replicating an IDG overseas mission. His Excellency was very complimentary of the AFP's ongoing contribution to UN missions and of the predeployment training facilities, which have received official recognition from the UN Department of Peace Keeping Operations.
- Following a series of disturbances within the immigration detention centre on Christmas Island in 2011, the AFP deployed a significant number of staff, including IDG staff, to the island to assist the Department of Immigration and Citizenship to restore order within the centre. The IDG provides support to the Department of Immigration and Citizenship on Christmas Island by maintaining an appropriate response capability.
- The IDG has trained 5225 Pacific Islands police officers in a wide variety of policing disciplines and has built 72 houses for the Royal Solomon Islands Police Force members, one police station in Nauru and three police stations in both Vanuatu and Tonga.



Overview

The International Deployment Group (IDG) was established in February 2004 and provides the Australian Government with a standing capacity to deploy Australian police domestically and internationally to contribute to stability and police development operations. The IDG contributes to Australia's United Nations (UN) commitments, as well as regional security and rule of law interests.

STRUCTURE

In 2011–12 the IDG had three core components:

- a mission component, comprising sworn and unsworn deployable members
- an Australia-based component that provides operational and corporate support to missions
- the Operational Response Group that provides a rapidly deployable tactical and specialist capability.

Missions

UN PERMANENT MISSION IN NEW YORK

The AFP has a senior police officer deployed to the UN Permanent Mission in New York. The officer provides advice on civilian policing matters that are relevant to Australia's participation in UN peacekeeping operations and on police capacity building for the organisation and its overseas missions.

In recognition of the IDG's reputation within the international training community, a senior AFP police officer was elected Chair of the Police Executive Committee of the International Association of Peacekeeping Training Centres for 2012. The AFP and the Indonesian National Police have also co-hosted a UN Strategic Guidance Framework Workshop at the Jakarta Centre for Law Enforcement Cooperation.

REGIONAL ASSISTANCE MISSION TO SOLOMON ISLANDS

The Regional Assistance Mission to Solomon Islands (RAMSI) is a multinational mission comprising members from the majority of Pacific Island Forum nations, with Australia and New Zealand contributing the majority of members. In June 2012 the AFP had 120 members deployed to the Australia-led Participating Police Force (PPF) under RAMSI.

The PPF Transition Strategy 2011–13 outlines the continued partnership of the PPF and Royal Solomon Islands Police Force (RSIPF) as RAMSI moves towards a stronger supporting and advisory role. As part of the PPF transition, the first phase of the Police Accommodation Project provided 72 houses to the RSIPF. Phase 2 will deliver a further 62 houses in 2013.

A review of the legislation underpinning police activity in Solomon Islands resulted in the development of a draft Police Act and Regulations.

AFGHANISTAN

Since 2008 the AFP has been delivering police training and development assistance to the Afghan National Police (ANP). During the reporting period, the AFP maintained 28 members in Afghanistan.

In May 2012 the 6th contingent initiated a transition of the mission towards strategic influence positions and specialist training to be delivered in Kabul. As a result, the AFP and the European Union Police Mission in Afghanistan are establishing eight new positions at the Kabul Staff College and the Criminal Investigation Faculty. The AFP continues to work closely with the Afghan Ministry of Interior, which is responsible for the strategic direction of Afghanistan's police force.

The AFP supports the delivery of broader development strategies within Afghanistan by advancing a four-tiered strategy aimed at facilitating a coordinated approach, influencing and shaping the policing environment, building and developing the ANP and contributing to the targeting of serious criminality through capacity development efforts.

The AFP-sponsored construction of office and training facilities at the Multinational Base Tarin Kowt was completed in June 2012.

To date, the AFP has trained:

- 2194 ANP personnel in the Afghan Uniform Patrolman's course at the Multinational Base Tarin Kowt Training Centre, Uruzgan
- 212 ANP personnel attached to the ANP Major Crimes Task Force in investigations conducted in Kabul

- 65 ANP personnel in surveillance courses conducted in Kabul
- 188 ANP members at the Multinational Base Tarin Kowt Training Centre
- 38 Provincial Response Company personnel in Tarin Kowt.

TIMOR-LESTE POLICE DEVELOPMENT PROGRAM

The Timor-Leste Police Development Program supports the development of the National Police of East Timor (Policia Nacional de Timor-Leste – PNTL), as well as assisting the Office of the Secretary of State for Security and the Office of the Prosecutor-General. The Timor-Leste Police Development Program comprises sworn and unsworn AFP members, civilian specialists and locally employed staff. In June 2012 the program had 33 locally based members.

During 2011–12 the program assisted the PNTL in establishing the Police Training Centre as an accredited institute of higher education, the development of a nationally accredited curriculum and the delivery of a series of nationally accredited programs for PNTL personnel.



AFP International Deployment Group working with the people of Timor-Leste

PACIFIC POLICE DEVELOPMENT PROGRAM

The Pacific Police Development Program (PPDP) is an Australian Government initiative supporting a broad range of bilateral and multi-country police development activities throughout the Pacific region. The program works with police in Pacific nations on improving the rule of law as a prerequisite for economic, social and political development of the region. The program is operating a regional component, as well as country-specific programs in Vanuatu, Samoa, Tonga, Papua New Guinea and Nauru.

Pacific Police Development Program (Regional)

The PPDP (Regional) provides support for a number of Pacific countries including Kiribati, Niue, Tuvalu, the Republic of Marshall Islands, Palau, Cook Islands and the Federated States of Micronesia. This program is delivered through fly-in fly-out country-specific strategies managed from Canberra by 17 AFP officers.

The program delivered 110 Official Development Assistance projects during 2011–12 focusing on police operational capacity, leadership and enabling services including:

- establishment of an enhanced fingerprint identification system and forensic fingerprint examination laboratories in three countries
- strengthening of regional and multilateral organisations including the Pacific Islands Chiefs of Police, the Pacific Police Training Advisory Group, the Pacific Forensic Working Group and the Pacific Islands Forum Regional Security Committee
- training of over 200 police from 13 countries in police leadership including courses specifically targeting future and current female police leaders.

Country-specific programs

The country-specific components of the PPDP include the following projects:

- Vanuatu–Australia Police Project (suspended by the Vanuatu Government)
- Samoa–Australia Police Partnership
- Tonga Police Development Program
- Papua New Guinea – Australia Policing Partnership
- Nauru Police Force Police Capacity Program.

These programs work to support and enhance the professionalisation and operational capacity of the respective police forces. The IDG conducts a wide range of capability building and training programs under the PPDP. Key achievements for 2011–12 include:

- supporting the Royal PNG Constabulary's preparations for the 2012 elections
- completing significant capital works in Vanuatu, Tonga and Nauru
- introducing enhanced radio communication systems in Vanuatu, PNG, Nauru and Samoa
- establishing the Professional Standards Office in Tonga
- reviewing the legislation underpinning police activity in Tonga, resulting in the enactment of a new Police Act and Regulations
- contributing to the training of 711 new recruits and the delivery of specialist training to 229 officers in Papua New Guinea and 20 new probationary constables in Nauru.

UN PEACEKEEPING FORCE IN CYPRUS

The AFP maintained 15 AFP members assisting in maintaining the integrity of the buffer zone between the Greek and Turkish Cypriot communities. Members also support the Civil Affairs Branch of the mission to deliver humanitarian services and support the military through joint patrols.

UN MISSION IN THE REPUBLIC OF SOUTH SUDAN

AFP members contribute to the coordination of bilateral and multilateral assistance programs aimed at strengthening and restructuring the South Sudan Police Service. Members develop, evaluate and conduct training in leading-practice policing techniques, processes and strategies.

The UN is supporting the nation building processes of the Republic of South Sudan. In 2011–12 the AFP assisted in the establishment of the Women's Network for the South Sudan Police Service. That network is led by an Australian contingent member.

UN INTEGRATED MISSION IN TIMOR-LESTE

The UN Integrated Mission in Timor-Leste (UNMIT) police component continued to provide support, mentoring and capacity building to the PNTL in 2011–12. It is anticipated that by

December 2012 the PNTL will be certified by the UN and the Government of Timor-Leste as a fully operational and functional police service. UNMIT consists of personnel from 40 nations; 50 personnel are from the AFP.

CAMBODIA CRIMINAL JUSTICE ASSISTANCE PROGRAM

Beginning in 2007, the Cambodia Criminal Justice Assistance Program has aimed at strengthening the institutional capacity of Cambodia's criminal justice agencies and implementing its Legal and Judicial Reform Strategy. One AFP member was deployed to the program until its completion in January 2012, contributing to the monitoring and evaluation of the project and fostering capacity enhancing projects for the Cambodian National Police.

DOMESTIC AND EXTERNAL TERRITORIES

The IDG is responsible for the delivery of community policing services to the external territories of Christmas Island, Norfolk Island, the Cocos (Keeling) Islands and Jarvis Bay.

There are 23 AFP members at these locations who perform a variety of policing and related functions. These include bailiff or sheriff duties, Australian customs, border protection and immigration functions, responsibilities for land and maritime search and rescue operations and coordination, and the function of Territory Controller in times of a declared emergency.

Key achievements during 2011–12:

- Child Abuse Taskforce members in the Northern Territory arrested and charged a number of alleged serial child sex offenders with multiple offences.
- A coronial inquest was conducted into the sinking of a suspected irregular entry vessel (SIEV) 221 at Christmas Island in December 2010. The AFP provided extensive support to this inquest.
- Cocos (Keeling) Islands members managed four unannounced SIEV arrivals carrying a total of 168 people.
- Norfolk Island members undertook significant work upgrading facilities at the police station, the vehicle fleet and equipment, and improving training.

Australia-based support to missions

VISITS TO THE IDG

UN Secretary-General Mr Ban Ki-moon visited the IDG at Majura on 8 September 2011. Other high-level visits during the year included those by the Deputy Prime Minister of Serbia, the Prime Minister and Police Minister of Tonga, Foreign Minister of Saint Lucia, several delegations from UN ambassadors, African Diplomat Training Program delegates and police delegations from the United Kingdom Serious Organised Crime Agency, United Arab Emirates, India and Australian and New Zealand members of the International Police Association.

AUSTRALIAN DEFENCE FORCE LIAISON AND INTEROPERABILITY

Two AFP liaison officers are outposted to Australian Defence Force (ADF) Headquarters Joint Operations Command. Through their engagement in a range of working groups, the officers support AFP–ADF interoperability in such key areas as joint intelligence, planning and operations, doctrine and tactics, command and control, education and training, capability development and facilities and equipment.

MEASURING THE IMPACT OF IDG OPERATIONS

The IDG has introduced comprehensive performance assessment methodologies developed by the research team at the University of Queensland, ensuring consistency with AFP and AusAID monitoring and evaluation processes. Throughout 2011–12 the PPDP (Regional) employed the methodologies to gauge stakeholder attitudes and the strength of rule of law in a number of smaller island nations in the Pacific to better guide police development initiatives in those countries.

IDG mission commanders will be provided with information packages and the necessary guidance to assist them in enhancing their stakeholder engagement strategies and monitoring improvements in the strength of rule of law in their mission areas of influence. As a component of quarterly mission reporting, mission commanders will report on the outcome of those improvements and assessments.



AFP Commissioner Negus escorts UN Secretary-General Ban Ki-moon

POLICE DEVELOPMENT PROJECT

The IDG Police Development Project commenced in late 2011. The project objective is to arrive at a shared understanding of what police development is and how it is to be best accomplished and to document the findings as a doctrine.

The project is formulating a strategy for AFP police development activities and is creating a toolkit to deliver practical guidance to AFP members and to better inform future missions and programs. The project will capture the unique mission experience and expertise, extract lessons learnt from policing partners' perspectives, build on international expertise and include broader AFP and whole-of-government stakeholder inputs.

INTERNATIONAL DEPLOYMENT GROUP TRAINING

The Pre-deployment Training Team provides general and mission-specific training for members deploying to missions. The training is designed to replicate an overseas mission environment to assist in the realistic training of personnel before deployment overseas. Five pre-deployment training programs (including one Afghanistan-specific program) were delivered in 2011–12 to a total of 96 participants. Participants included members from police services in Marshall Islands, Tonga, Fiji, Kiribati, the Federated States of Micronesia, Nauru, Samoa, Vanuatu, Papua New Guinea, Tuvalu and Palau.

The Capacity Development Training Team has coordinated and assisted with 14 training programs for external agencies including the Department of Foreign Affairs and Trade, Australian Civilian Corp, AusAID and Emergency Management Australia. Many other agencies make effective use of the Majura site and the International Training Village.

Operational Response Group

In 2011–12 the Operational Response Group (ORG) maintained a permanent deployment of 12 personnel to Solomon Islands in support of the Participating Police Force and the Royal Solomon Islands Police Force. The ORG also provided six members to Christmas Island. As an ongoing operational commitment, the ORG provided tactical and specialist police support to all national high-risk policing operations.

In 2011–12, the ORG provided:

- specialist tactical support to 41 national operations and/or referrals, with several of these requiring high-risk tactical resolutions
- specialist support to high-profile events attended by the President of the United States, Queen Elizabeth II and the Commonwealth Heads of Government
- advisers and trainers to assist with enhancing the operational capacity of the Royal Papua New Guinea Constabulary as part of preparations for the 2012 general elections.

The Specialist Response Group (SRG) will be established on 1 July 2012. The SRG is a Canberra-based amalgamation of the AFP's ACT Policing Specialist Response and Security Team and the nationally and internationally focused ORG. The SRG will provide specialist policing capabilities in support of AFP operations, as well as a rapidly deployable crisis-response capability to support international stability and security, predominantly in the Asia–Pacific region.

PROGRAM 1.3: OPERATIONS – POLICING

Crime Program

HIGHLIGHTS

- **Drug seizures:** During 2011–12 the Crime Program accepted 329 new drug investigations, an increase from the previous financial year when 305 new investigations were accepted. Collectively, these investigations led to the seizure of 14 838.4 kilograms of illicit drugs. This was a significant increase over the previous financial year when 5297.6 kilograms of illicit substances were seized.
- **Assets restrained:** In 2011–12 \$97.4 million in assets were restrained under the *Proceeds of Crime Act 2002*.
- **People smuggling:** The AFP arrested six people smuggling organisers and 67 crew members. There were 92 crew members convicted.
- **Identity Security Strike Teams:** The Identity Security Strike Teams conducted 10 operations, which resulted in 14 arrests for 53 offences. The value of fraud prevented is in excess of \$55 million.
- **International disruption of organised crime:** The AFP's focus on the disruption of organised crime achieved significant results in Cambodia, China and the Netherlands during the reporting period through collaboration and sharing of intelligence with our partner law enforcement agencies. This included the:
 - seizure of 4100 litres of safrole oil and arrest of seven people in Cambodia by the Cambodian National Police
 - dismantling of a China-based drug syndicate through the seizure of over 3 tonnes of safrole oil and arrest of nine people in China and Australia
 - arrest of 19 people in Europe and disruption of a large sophisticated transnational crime syndicate by the Dutch National Police Agency.

Overview

The AFP's Crime Program function, which comprises the Serious Organised Crime and Crime Operations areas, continued to combat organised crime nationally and internationally with a focus on prevention and disruption. In response to the increasingly complex operating environment, the building of partnerships has been crucial to success in developing innovative strategies. Strategies include the targeting of crime by identifying vulnerabilities within critical infrastructure that can be exploited by organised criminals. The Crime Program collaborates with international, Commonwealth, state and territory partners to pursue organised crime networks across the full span of their activity.

Serious and Organised Crime conducts investigations into complex organised criminal activity including the importation and manufacture of illicit substances, money laundering and economic crime, fraud, identity crime and corruption. In order to target the threat posed to Australia's National Security by organised crime, Serious and Organised Crime investigations focus on mitigating the key vulnerabilities that are exploited by criminal enterprises, including supply chain logistics on the waterfront, in the airstream and across transnational borders. Investigations are also focused on increased industry engagement within the banking and financial sector. The AFP has developed key taskforces and a systematic approach to working with industry in order to combat organised crime activity within this area.

Serious and Organised Crime also incorporates the AFP's International Network which cooperates with other Australian Government agencies domestically and abroad to ensure a whole-of-government approach to fighting crime offshore at its source.

Crime Operations provides front-line disruption of, and investigation into, Commonwealth offences including illicit drug importation, human trafficking, money laundering, identity theft, intellectual property theft, fraud, corruption and sensitive/political matters. Crime Operations also conducts investigations into the organisers, facilitators and crew of people smuggling ventures.

Significant Crime Program investigations, 2011–12

- **Operation Polaris–Whitesea** was an investigation under the Polaris joint taskforce which resulted in the seizure of over 11 tonnes of hypophosphorous acid (precursor for methylamphetamine).
- **Operation Beaufighter** was a Project Wickenby investigation which resulted in the arrest and charging of two people for conspiring to dishonestly cause a loss to the Australian Taxation Office and conspiring to deal in the proceeds of crime to the value of \$63 million.
- **Operation Glade** was a targeted joint operation by the AFP and Australian Customs and Border Protection Service into drug importation via the postal system. Over 120 kilograms of illicit substances were seized during a national day of action in May 2012 and 47 search warrants were executed across the country during this period, resulting in the arrest of 37 people in relation to drug and firearm offences.
- **Operation Zanella–Avalon** resulted in the seizure of 300 kilograms of cocaine, the arrest and charging of four people on drug importation offences and the restraint of approximately \$3.9 million in assets. The Vanuatu Transnational Crime Unit provided assistance to the AFP's Port Vila Post in support of this operation.
- **Operation Arapaima** resulted in the arrests and charging in Sydney and Melbourne in March 2012 of four Australia-based people smuggling organisers believed to have links to people smuggling syndicates in Indonesia, Thailand and Malaysia and to be responsible for facilitating four ventures to Australia.
- **Operation Rune**, part of an ongoing investigation, resulted in the arrests and charging of eight individuals and two companies in July 2011 with offences allegedly related to the bribery of foreign public officials. It involved extensive international AFP-coordinated activity with the support of the AFP International Network. These are Australia's first charges under foreign bribery legislation introduced on 17 December 1999.
- **Operation Vidua** resulted in the restraint of approximately \$6 million in assets following a multi-agency investigation into drug importation, drug trafficking and money laundering.

Multi-agency taskforces and forums

The Commonwealth Organised Crime Strategic Framework places emphasis on a multi-agency approach to delivering operational, policy, regulatory and legislative responses to organised crime threats. The AFP is a significant contributor to managing the framework's requisite operational requirements, and a number of taskforces have been established as part of this response.

- **Joint Organised Crime Taskforce (Victoria):**

In January 2012 the Joint Organised Crime Taskforce was established, comprising the AFP, Victoria Police, the Australian Crime Commission and the Australian Customs and Border Protection Service, in order to target organised crime in Victoria.

- **Joint Organised Crime Group (Sydney Office):**

Operational activity undertaken by the Joint Organised Crime Group targeting organised crime in New South Wales has yielded significant results in the disruption of transnational organised crime, including 16 offenders charged domestically, eight offenders charged in foreign jurisdictions, 104.83 kilograms of drugs seized with the approximate value of \$14 829 250 and \$1 802 800 in currency seized.

- **Operation Polaris–Tuskers** involved a joint taskforce comprising the AFP, NSW Police, NSW Crime Commission, Australian Crime Commission and Australian Customs and Border Protection Service. Two men were charged following the seizure of more than 60 tonnes of illegal tobacco, which had the potential to defraud the Commonwealth of more than \$36 million in tax revenue.

- **Taskforce Galilee:** A national multi-agency taskforce established by the Board of the Australian Crime Commission on 13 April 2011, Taskforce Galilee's objectives are to build a picture of the nature and extent of serious organised investment fraud and to reduce the impact and threat of such operations targeting Australia.

- **Yelverton Taskforce (Perth):** Comprising the AFP and the Australian Customs and Border Protection Service and supported by the Western Australia Police, the Yelverton taskforce coordinates activities in targeting the multijurisdictional trafficking of illicit drugs, financial transactions intended to disguise

income source or currency flow and criminal activities that indicate a level of organisational structure.

The AFP strengthened its involvement in multilateral and regional forums aimed at enhancing police practice, cooperation, knowledge and professionalism. For example, in August 2011 the Heads of Commonwealth Operational Law Enforcement Agencies (HOCOLEA) endorsed the establishment of the Working Group on the Carbon Pricing Mechanism to be cochaired by the AFP and the Department of Climate Change and Energy Efficiency. The working group provides HOCOLEA with a detailed picture of risks and threats associated with the carbon pricing mechanism and potential issues arising for law enforcement.

Polaris Taskforce

Based in Sydney, the Polaris Taskforce is responsible for coordinating the activities of the Australian Customs and Border Protection Service, NSW Police Force, Australian Crime Commission and the NSW Crime Commission in targeting serious and organised criminality impacting on the international sea cargo terminals and associated supply chains. The taskforce focuses on exploitation by criminal networks of legitimate business processes within the maritime sector.

Since July 2010 operational activity undertaken by the taskforce has resulted in 16 arrests (resulting in 77 charges), seizure of over 12 tonnes of illicit substances and precursor chemicals and seizure of 114.8 tonnes of loose leaf tobacco and 92.7 million individual cigarettes.

The taskforce is working closely with the Australian Commission for Law Enforcement Integrity and has established an Integrity Reporting Framework to ensure that all agency professional standards teams and the Joint Management Committee are provided with timely briefings.

In May 2012 the Minister for Home Affairs and Justice announced the expansion of the Taskforce to Victoria and Queensland.

Investigations

ILLICIT DRUGS

During 2011–12 AFP investigations led to the seizure of 14 838.4 kilograms of illicit drugs. This was a significant increase over the previous financial year when 5297.62 kilograms of illicit substances were seized.

Operational highlights

- **Operation Paradigm** resulted in the seizure of approximately 271 kilograms of cocaine with a street value of approximately \$200 million. Three men were arrested.
- **Operation Zanella–Avalon** resulted in the seizure from a yacht in Bundaberg of 300 kilograms of cocaine originating in Vanuatu and destined for the Australian market. The cocaine had an approximate value of \$78 million and as a result of the investigation four people were arrested and over \$3.9 million in assets were restrained.
- **Operation Manzanita** was a joint operation between the AFP and the Australian Customs and Border Protection Service resulting in the seizure of 104 kilograms of heroin and 117 kilograms of pseudoephedrine and the arrest of one suspect. Intelligence derived from this operation resulted in an internally generated investigation into a syndicate involved in further importations of border-controlled drugs.

- **Operation Castleford** resulted in the arrest of five people for the importation of 20 kilograms of border-controlled drugs (MDMA, methamphetamine and cocaine). The men had attempted to import the drugs into Australia from Canada, concealed within a commercial oven steel trolley frame.

PROCEEDS OF CRIME

Criminal Assets Confiscation Taskforce

The Criminal Assets Confiscation Taskforce has been established to provide a coordinated and integrated approach to Commonwealth criminal asset confiscation and focuses on taking the profit out of crime. The taskforce is led and hosted by the AFP and includes the Australian Crime Commission and the Australian Taxation Office (ATO). The permanent taskforce commenced in January 2012 and has investigation and litigation teams in Brisbane, Sydney, Melbourne, Perth and Canberra.

The taskforce investigates and litigates conviction-based and non-conviction-based proceeds of crime matters. To enable this, the government brought forward amendments to the *Proceeds of Crime Act 2002* that empower the AFP to commence and conduct Proceeds of Crime Act litigation. These amendments received royal assent on 5 December 2011 and the provisions commenced on 1 January 2012.

TABLE 5: COMPARATIVE DRUG SEIZURE DATA

Drug group reported	2010–11 FINANCIAL YEAR		2011–12 FINANCIAL YEAR	
	Seizure count	Weight (kg)	Seizure count	Weight (kg)
Amphetamine & ATS	934	404.5	1 144	601.9
Cannabis	1 127	46.2	2 069	16.0
Cocaine	526	795.9	573	966.0
Heroin (opioids)	311	582.9	233	390.2
MDMA	132	11.4	531	11.9
Precursor	38	3275.5	90	12 105.9
Sedatives	62	63.2	80	143.2
Hallucinogen	46	7.4	84	11.7
Other	586	110.7	1 213	591.6
Total	3 762	5 297.6	6 017	14 838.4

The conduct of litigation represents a significant new function for the AFP. As part of the taskforce, the AFP has established a Proceeds of Crime Litigation area to deliver these Commonwealth litigation services. Though an independent area reporting directly to Deputy Commissioner Close Operations Support, Proceeds of Crime Litigation forms part of the taskforce and works in collaboration with the investigative arm of the taskforce.

Although the Proceeds of Crime Litigation area is still developing, it has already had major achievements, primary of these being the conduct of the proceeds of crime litigation in support of Operation Beaufighter. Operation Beaufighter is significant not only because of the size of the alleged fraud and the amount of assets restrained but also because it is the first time the AFP has conducted the litigation to restrain assets since the legislative provisions came into effect.

MONEY LAUNDERING

A key focus of the money laundering operations is to target the criminal economy by the proactive targeting of suspected money laundering connected with Commonwealth offences.



AFP seizing criminal assets

Results from money laundering operations include cash seizures of approximately \$11.35 million, 17 persons charged with money laundering offences and 12 convictions recorded. Money Laundering Short Term Teams investigations have also contributed to the dismantling of an identity crime syndicate with the seizure of 10 000 counterfeit credit cards.

During the year the AFP provided money laundering investigations training to Commonwealth, state and industry representatives through the delivery of eight money laundering investigations programs domestically. The AFP also provided financial investigation and money laundering investigation training to overseas partner law enforcement agencies through the delivery of two programs in Pakistan, and one in each of Sri Lanka, New Zealand and China.

Project Wickenby

Project Wickenby is a joint AFP and Australian Taxation Office (ATO) taskforce established in 2006 to protect the integrity of Australia's financial and regulatory systems by preventing people from promoting or participating in the abusive use of secrecy havens.

The AFP continued to resource Project Wickenby investigations with a commitment nationally of 38 full-time equivalent employees comprising investigators, financial analysts and investigative assistants. The AFP directly contributed to up to \$80 million in taxation assessments and penalties raised from tax evasion scheme participants.

The actions of the AFP and its Project Wickenby partners have seen an identifiable shift in the behaviour and operations of organised tax evaders.

TABLE 6: ASSETS RESTRAINED, FORFEITED

YEAR	2008–09	2009–10	2010–11	2011–12
	\$m	\$m	\$m	\$m
Assets restrained	22.7	18.9	41.1	97.4
Assets forfeited from restrained status	2.7	1	2.3	7.5
Assets forfeited – not restrained	0.1	7.3	1.4	2.6
Pecuniary penalty orders	3.6	13.1	17.1	22.1



Cash seizure

Investigations commenced under Project Wickenby have resulted in 50 people being charged by the AFP, including promoters, scheme participants and high-wealth individuals. These people have been charged with offences ranging from fraud to money laundering with maximum penalties ranging from 10 to 25 years imprisonment.

IDENTITY SECURITY

The Identity Security Strike Teams (ISSTs) in Sydney, Melbourne and Brisbane form a collaborative network to investigate identity crimes in partnership with other Commonwealth and state agencies and regional law enforcement bodies. ISSTs target the syndicated manufacture, distribution and use of fraudulent identity documents, as well as the compromise of personal information by organised crime groups.

During the reporting period the ISSTs conducted 10 operations, which resulted in 14 arrests for 53 offences. The total value of assets seized was \$23 500 and the total value of assets restrained was \$1 350 000. The approximate value of fraud prevented was \$55 336 000.

The majority of the operations conducted by the ISSTs were in partnership with Commonwealth and state agencies.

Operation Beaufighter

As part of a seven-month joint investigation between the AFP and the Australian Taxation Office (ATO), Operation Beaufighter is the largest tax fraud investigation identified since Project Wickenby was launched in 2006. Between April and May 2012 investigators arrested and charged two men for conspiring to dishonestly cause a loss to the ATO and conspiring to deal in the proceeds of crime to the value of \$63 million, dismantling a multimillion-dollar tax evasion and money laundering scheme.

The Criminal Assets Confiscation Taskforce conducted the proceeds of crime investigation in support of Operation Beaufighter, restraining more than \$54 million in assets including luxury cars, boats, real estate and bank accounts. This was the first time the AFP conducted proceeds of crime litigation to restrain assets on behalf of the taskforce since enabling legislation came into effect in January 2012.

Operational highlights

- **Operation Pamblin** was an investigation into the importation, creation and use of fraudulent credit cards by a Malaysia-based crime syndicate. Between January and April 2012 four male Malaysian nationals and one female Australian citizen were charged for dealing in personal financial information and other fraud-related offences. Throughout the investigations, partnerships with Victoria Police, the Coles Myer Group and Australia Post provided timely access to information and intelligence. The collaborative approach to investigating these syndicates also resulted in the arrest of three members by Victoria Police for state-based fraud offences.
- **Operation Avarice** resulted in the head of an identity crime syndicate being sentenced to eight years and ten months imprisonment. This is the longest sentence for identity-related crime in Australia to date.

PEOPLE SMUGGLING

Organised people smuggling is a crime that has significant and often tragic consequences for those embarking upon the dangerous voyage to Australia.

The AFP is committed to a whole-of-government national strategy to combat people smuggling and contributes to a number of newly formed intergovernmental forums that provide high-level guidance for operations and policy responses to unauthorised arrivals by boat to Australia.

AFP People Smuggling Strike Teams (PSSTs) are in place in Canberra, Sydney, Melbourne and Perth. These teams consist of investigators, intelligence officers and financial analysts. PSST Canberra and PSST Melbourne include a seconded member from the Department of Immigration and Citizenship. The PSSTs work closely with a range of domestic and foreign law enforcement partners to contribute to the collaborative approach to people smuggling.

The PSSTs leverage off close partnerships with international law enforcement agencies to exchange intelligence and information, and drive bilateral and multilateral investigations targeting people smuggling syndicates. These relationships are critical to identifying and addressing criminal activity in source and transit countries including Indonesia, Malaysia, Thailand, Sri Lanka and Pakistan.

During the reporting period the AFP's Jakarta Post supported the Indonesian National Police (INP) People Smuggling Taskforce in significant operational activity. Of particular note was the joint investigation between the AFP, INP and Royal Malaysian Police (RMP) which targeted a syndicate responsible for facilitating the movement of protected irregular immigrants from Malaysia to Indonesia. In April 2012, with the assistance of the AFP, the INP arrested the organiser in Jakarta. This investigation was the first joint people smuggling investigation between the INP and RMP and was a direct outcome of a bilateral meeting between the INP and RMP, organised by the AFP and held in Bali in February 2012.

Operational highlights

- **Operation Arapaima** resulted in the arrest and charging of four Australia-based people smuggling organisers in Sydney and Melbourne. The men are believed to have links to people smuggling syndicates in Indonesia, Thailand and Malaysia which have been responsible for facilitating four ventures to Australia. Authorities in Malaysia, Thailand and Indonesia also undertook action against alleged members of this syndicate. The Royal Thai Police arrested an Iraqi national and his wife for various passport offences.
- **Operation Rasbora** resulted in the arrest of two alleged people smuggling organisers in Melbourne. The men are believed to have links to people smuggling syndicates in Indonesia and Iran.
- **Operation Wobbegong** resulted in the arrest of an alleged people smuggling organiser at the Department of Immigration and Citizenship Inverbrackie Detention Facility in Adelaide. The man was charged with five offences under the *Migration Act 1958* and the matter remains before the court.

Support to prevent people smuggling

In 2011–12 the AFP continued to use new policy initiative funding to provide equipment and fund projects to enhance the ability of international law enforcement partners to detect and disrupt people smuggling offences.

In 2011–12 the AFP provided funding of A\$1.2 million to the INP for the construction of 12 regional taskforce offices in key locations throughout Indonesia which were experiencing high volumes of organised people smuggling activities. These offices will be used by the INP to support people smuggling and other transnational crime investigations.

HUMAN TRAFFICKING

During 2011–12 there were 41 new human trafficking matters assessed by Human Trafficking Teams (HTTs), with 33 being accepted for investigation. This compared with 35 new investigations in 2010–11. In 2011–12, 59 per cent of the investigations related to trafficking for sexual exploitation and the remainder related to trafficking for other forms of labour exploitation. Since January 2004 the AFP has undertaken 346 investigations and assessments of allegations of trafficking-related matters.

In November 2011 the United Nations Special Rapporteur on trafficking in persons visited Australia making note of the AFP's initiatives at the federal level, including strong and committed teams devoted to the issue of human trafficking.

In March 2012 the AFP, in conjunction with Northern Territory Police and Western Australia Police, conducted a series of forums across the Northern Territory and Western Australia to allow stakeholders to discuss the impacts of human trafficking in the region. The forums were held as part of the implementation of the Australian Policing Strategy to Combat Trafficking in Persons 2011–13. A recommendation made in the strategy was to 'strengthen systems and procedures for identifying victims of trafficking, including through the training of law enforcement agencies'.

In June 2012 the AFP, in conjunction with the Australian Institute of Criminology, hosted a discussion exercise, Actions to Reduce Demand, with over 40 participants from government, industry, unions and non-government organisations. The focus of the exercise was on reducing the demand and supply elements of human trafficking, and a number of collective actions were proposed.

Operational highlights

- **Operation Danum** resulted in a woman being found guilty at the ACT Supreme Court of possessing a slave, exploiting a non-citizen, migration offences and perverting the course of justice in relation to sexual exploitation. She was sentenced to eight years and ten months with a nonparole period of four years and nine months.
- In May 2012 a Sydney man was found guilty at the Sydney District Court for labour trafficking. This matter was significant as it was the AFP's first successful labour trafficking conviction. The defendant was sentenced to 400 hours of community service and fined \$1000.
- In November 2011 a three-year joint AFP and Department of Immigration and Citizenship investigation resulted in the arrest and charging of a man with alleged migration fraud. The man was charged with offences related to the manufacture and submission of false documents.

International Network

The AFP seeks to develop and maintain cooperative working relationships with its Australian and foreign clients, partners and stakeholders and to enhance its engagement and relationships with the broader community. It relies on these relationships for the referral of business and the provision and exchange of intelligence, information and assistance through shared facilities, joint operations and advice.

The AFP's International Network cooperates with other Australian Government agencies domestically and abroad to ensure a whole-of-government approach to fighting crime at its source. The International Network had, as at 30 June 2012, 92 people in 28 countries to broker collaboration with international law enforcement agencies to drive investigations and support bilateral or multilateral cooperation.

The International Network also assists with Australia's engagement through INTERPOL and EUROPOL and is seeking to progress tools, services and initiatives to facilitate exchange of law enforcement information and activities.

OPERATIONAL HIGHLIGHTS

- **India:** In December 2011 the AFP assisted in obtaining the first extradition from India to Australia. A male person was extradited to face charges pertaining to serious sexual offences in a Queensland Court.

- **Thailand:** During January and February 2012 the AFP's Bangkok Post coordinated the provision of technical assistance to the Royal Thai Police during two significant investigations which resulted in the seizure of 450 kilograms of ammonium nitrate and the discovery of improvised explosive devices that were related to bomb attacks in residential Bangkok by five foreign nationals. At the request of the Royal Thai Police, the AFP deployed a bomb data technician and an AFP chemist to assist in the investigations.
- **Sri Lanka:** In September 2011 Operation Piscine–Croucher saw the arrest of three people smuggling facilitators and the disruption of 44 Sri Lankan passengers.
- **Myanmar:** In December 2011 a joint operation between the AFP's Rangoon Post and the Myanmar Police Force resulted in the seizure of 576 kilograms of pseudoephedrine and 4.5 kilograms of ephedrine. The illicit drugs had been smuggled across the Indian border at Tamu and were destined for the clandestine laboratories in the eastern Shan State of Myanmar.

VISITS

During the 2011–12 financial year the International Network facilitated 26 inwards and 20 outwards visits of foreign law enforcement agency and AFP delegations to/from Australia. Engagement with these delegations is a key component in strengthening the relationships between the AFP and its international partner agencies, often resulting in the identification of capacity building opportunities and leading to subsequent operational outcomes.

ENGAGEMENT IN ASIA AND THE PACIFIC

Pacific Transnational Crime Network

The AFP-sponsored Pacific Transnational Crime Network was established to enhance the capacity of regional law enforcement agencies to investigate and disrupt transnational crime in the region. A key objective is the sharing of criminal intelligence between partner agencies. The AFP performs a lead role in assisting Pacific Islands countries to manage, coordinate and enhance law enforcement intelligence, collaboration and

capacity building against transnational crime (including terrorism). This is undertaken through the AFP-funded Pacific Transnational Crime Network which over the past eight years has developed a series of fusion (multi-agency) Transnational Crime Units across the Pacific.

In 2011–12 a new Transnational Crime Unit was established in the Cook Islands, bringing the total number to 14. In June 2012 satellite Transnational Crime Units were established in Rabaul and Bougainville in Papua New Guinea.

In the first six months of 2012 the Pacific Transnational Crime Coordination Centre received 417 Information Reports from the Transnational Crime Units and other stakeholders, a more than 50 per cent increase on the same period in the previous year. In 2011 there was a total of 377 information reports for the entire year.

Transnational Crime Centres have been established by the AFP Law Enforcement Cooperation Program over recent years to build the capacity of partner foreign law enforcement agencies and to assist with combating transnational crime at its source. These ongoing projects in Indonesia (Indonesian National Police Transnational Coordination Centre), Vietnam (Vietnam Joint Transnational Crime Centre), Cambodia (Cambodia National Police Transnational Crime Unit), Thailand (Bangkok Transnational Crime Coordination Network) and Colombia (Colombia National Police Transnational Crime Team) have assisted collaboration.

Implementation of new Transnational Crime Delivery Team

The AFP International Network implemented a collaborative approach to combating organised crime at its source through the introduction of a Transnational Crime Delivery Team based in Canberra. The team provides a comprehensive response to organised crime through facilities in South-East Asia and the Pacific.

The efforts of the AFP to establish these international crime units and coordination centres continue to significantly reduce and disrupt transnational crime at its source. This increase in capability has proven an effective strategy in the sharing of intelligence, resulting in successful operational outcomes.

International cooperation

ASIA–PACIFIC GROUP ON MONEY LAUNDERING

The AFP is co-chair of the Asia–Pacific Group (APG) on Money Laundering. The purpose of the APG on Money Laundering is to ensure the adoption, implementation and enforcement of anti-money laundering and counter-terrorist financing standards as set out in the 40 Recommendations of the Financial Action Task Force. The AFP hosts the APG Secretariat and assists it in the delivery of training and technical assistance on a needs basis.

INTERPOL GENERAL ASSEMBLY

The AFP, as the chair of the Virtual Global Taskforce, worked with the Council of Europe and INTERPOL to submit a resolution on the use and provision of legislation related to online child sexual exploitation to the INTERPOL General Assembly. This was the first time since 1963 a country had submitted a resolution. The General Assembly resolution was successfully supported by member countries and has resulted in further engagement by the Virtual Global Taskforce with countries around the globe.

TRANSNATIONAL CRIME CENTRE CONFERENCE

The second Transnational Crime Centre Conference was held in Bangkok, Thailand, in March 2012. Co-hosted by the AFP and the Royal Thai Police, the conference was attended by delegates from Transnational Crime Centres in Thailand, Indonesia, Vietnam, Cambodia, Papua New Guinea and the Pacific Islands. The conference facilitated the building of networks to strengthen law enforcement activity to fight transnational crime, with significant discussion on the collection and dissemination of important intelligence on transnational crime within the region.

FOREIGN BRIBERY WORKSHOP

The AFP joined members of the Royal Canadian Mounted Police, the Federal Bureau of Investigation and City of London Police in the Foreign Bribery Workshop conducted in Ottawa, Canada. The workshop included the first meeting of the International Foreign Bribery Task Force, of which the AFP is a founding member.

The workshop discussed prevention, investigation and resolution methodologies and challenges.

As a result of this workshop, the AFP is now in the process of finalising memoranda of understanding with the Foreign Bribery Task Force, as well as with the World Bank.

LAW ENFORCEMENT COOPERATION PROGRAM

A total of \$1 961 500 was allocated to the Law Enforcement Cooperation Program for the 2011–12 financial year. To enhance the capabilities of the AFP and its international partners, 20 capacity building projects were undertaken across 10 countries. Of the 20 projects commenced in 2011–12, 16 were completed within the year and the remaining four projects are due for completion in the 2012–13 financial year.

The provision of courses and training through the Law Enforcement Cooperation Program has directly contributed to the development and enhancement of the skills of foreign law enforcement agencies to better combat transnational crime. The Law Enforcement Cooperation Program also funded individuals from foreign law enforcement agencies to undertake training and development opportunities, including university scholarships in Australia.

Highlights of the Law Enforcement Cooperation Program in 2011–12 were:

- **South Africa, Botswana and Namibia:** The AFP's Pretoria Post conducted forensic laboratory management, sexual assault investigations and crime scene examination training courses in Botswana, Uganda and Kenya respectively. These courses are part of the Australian Government's Strengthening the Rule of Law in Africa program and featured participants from 27 African nations. Forensic laboratory kits were gifted to South Africa, Botswana and Namibia as part of this program. Pretoria Post has also participated in AUSTRAC training in Swaziland.
- **Indonesia:** During 2011–12 AFP-supported computer-based training laboratories were built in Nusa Tenggara Timur (Kupang), Nusa Tenggara Barat (Mataram), Bali (Denpasar), Bogor (Mega Mandung), Semarang (Jakarta Centre for Law Enforcement Cooperation) and Jakarta (Transnational Crime Centre).

The laboratories provide self-paced computer-based learning designed to increase the capacity of the INP to manage the regional training of Indonesian police officers in combating a range of transnational crime types.

INTERNATIONAL OPERATIONS

The following operational outcomes demonstrate the results that can be achieved by the Crime Program through engagement with our international partner agencies via the International Network:

- **The Netherlands – Operation Fotino:** During 2011–12 the AFP’s Hague Post worked with the Dutch National Police Agency (KLPD) on Operation Fotino, a KLPD investigation which resulted in the arrest of 19 people in Europe and the disruption and dismantling of a large sophisticated transnational crime syndicate. Through the collaboration of the AFP, KLPD and the German Federal Police (Bundeskriminalamt), law enforcement has been able to identify the methods used by this syndicate to ship multihundred-kilogram consignments of illicit drugs globally over the last decade.
- **China – Operation Distal:** Operation Distal was a money laundering investigation which commenced in January 2006. In September 2011 a Chinese national was convicted and sentenced to a total of 36 years for all of the nine charges laid against him. This included 14-years imprisonment on each of seven charges under section 81 of the *Proceeds of Crime Act 1987* and 10 years and 12 years imprisonment respectively for charges under section 400.3 of the *Criminal Code Act 1995*. This was the highest sentence ever issued in Queensland for money laundering offences. The investigation would not have succeeded without the perseverance of the International Network in China and the relationships established by the AFP with the Commonwealth Department of Public Prosecutions and Chinese authorities.
- **New Caledonia and United States of America – Operation Saba** was a joint AFP and Australian Customs and Border Protection Service operation which began in March 2012 following information from United States authorities about a vessel suspected of

carrying a large quantity of cocaine destined for Australia. The AFP’s Port Vila Post worked with partner international law enforcement agencies to detect the vessel, which was located in waters north-west of New Caledonia. The AFP provided information to New Caledonian authorities who boarded the vessel, seized approximately 200 kilograms of cocaine and arrested the three crew members.

China – Operation Hitch

Operation Hitch saw the National Narcotics Control Commission (NNCC) of the People’s Republic of China and the AFP join forces for the first time to dismantle an alleged transnational drug importation syndicate. As a result of this long-running joint investigation, authorities in Australia and China seized a combined total of 3.35 tonnes of safrole oil, with a pure weight of 331 kilograms, which is capable of producing approximately 274 kilograms of pure MDMA. In addition, this joint operation led to the arrest of six people in China and three in Australia.

The operation began in Sydney in April 2011 when Australian Customs and Border Protection Service officers detected three consignments of safrole oil hidden in a shipment of shampoo bottles. In September 2011 the AFP charged three men in relation to this importation. These matters are before the courts.

The AFP then referred the matter to the NNCC, which continued investigations in China. Throughout the investigation the AFP worked closely with the NNCC to coordinate significant resources and cooperation. In March and April 2012 the NNCC arrested six people across a number of Chinese provinces, including Guangdong, Guangxi and Henan, with authorities seizing a further 500 kilograms of safrole oil. This complex transnational investigation is the first instance of AFP cooperation with the NNCC in Guangxi and Henan provinces.

PROGRAM 1.4: CLOSE OPERATIONS SUPPORT

Operations Support

HIGHLIGHTS

- AFP National Security Capability Development Team completed implementation of AFP Secret and Top Secret networks, delivering secure communications access between AFP and partner government departments and agencies.
- AFP Security implemented the Australian Government's Protective Security Policy Framework and guidelines through AFP information and communications technology system accreditation and AFP security governance and frameworks.
- The establishment of the Portfolio Management Office Team has improved the AFP's capability with regard to project, program and portfolio management through the development and implementation of new governance and procedures.
- The AFP Operations Coordination Centre, in partnership with AFP Learning and Development, delivered critical incident and emergency management training to over 600 staff in AFP Headquarters and state offices. The training provided instruction in Incident Coordination Centre management and Incident Command and Control Systems, increasing the AFP's capability to rapidly deploy members to support critical incidents both domestically and internationally.
- In 2011–12 the AFP Operations Coordination Centre Watch Floor Teams processed operational requests comprising:
 - 452 family law orders and warrants
 - 58 916 INTERPOL communications (including INTERPOL search requests)
 - 2555 National Security Hotline Reports
 - 8374 Information Reports.

Overview

The Operations Support function provides:

- centralised monitoring and initial response, coordination and communications support to AFP operations
- management of the AFP's corporate business process strategies and related relationships with internal and external stakeholders
- delivery of the next generation of systems and processes to align business with enhancements in information technology functionality

- delivery of secure networks for the handling and management of intelligence and sensitive information
- management of the AFP's physical, personnel and information and communications technology (ICT) security systems and processes.

Operations Support is comprised of:

- AFP Operations Coordination Centre
- Corporate Communications
- Security
- Spectrum and Strategic Programs.

AFP Operations Coordination Centre

The AFP Operations Coordination Centre (AOCC) is the primary point of contact for partner Australian Government agencies, state, territory and international police services and members of the public. The AOCC provides a 24/7 capability for centralised monitoring, initial response, coordination and communications for AFP national and international operations and provides coordination support to AFP operational activities, including:

- facilitation of INTERPOL and EUROPOL requests
- initial management of family law recovery orders and family law arrest warrants
- management of persons of interest watch lists for the AFP, including watch lists for state and territory police services and Commonwealth and state authorities
- initial management of the Australian National Child Offender Register alerts
- management of AFP National Property and Exhibits
- oversight of the AFP Family Investigative Liaison Program
- management for the AFP national radio communications network.

The Incident Coordination Centre was integral in supporting the following planned and response operations:

- Commonwealth Heads of Government Meeting in Perth
- visit to Australia by Her Majesty Queen Elizabeth II
- visit to Australia by the President of the United States of America
- coordination of various large-scale AFP investigations and operations.

Corporate Communications

Corporate Communications comprises three specialised teams: Media, Marketing, and Production and Online Services. These teams work together to ensure that key messages are delivered to targeted audiences through a range of contemporary communication mediums.

The National Media Team manages the AFP relationship with journalists and media outlets and provides assistance to AFP functions in the development of media strategies in support of operational activities. In 2011–12 the team managed a high volume of media inquiries and activities, including:

- 3075 public media inquiries
- 842 sets of talking points for AFP spokespersons
- 133 media releases
- 25 media conferences.

The National Marketing Team prepares and edits written material for publication in a range of products used to promote the activities being undertaken by the AFP. In 2011–12 the Marketing Team contributed to the development and delivery of a number of community awareness campaigns including:

- National Missing Persons Week
- International Missing Children's Day
- Identity Fraud Awareness Week
- National Youth Week
- Australia-wide ThinkUKnow Cyber Safety events
- Criminal Assets Confiscation Taskforce
- National Police Remembrance Day.

In addition to these campaigns the Marketing Team also contributed to the development and delivery of the AFP 2012 National Recruitment Campaign which was designed to attract people wishing to have a career in the AFP either as a federal agent, ACT community police officer or protective service officer.

In 2011–12 the AFP collaborated with Zapruder's Other Films in the postproduction of episodes for a second *AFP* television series, the first episodes of which were broadcast in 2010–11.

The Production and Online Services Team provides visual content for use in a variety of communication material. Photography, video and audio services are regularly deployed to support and capture footage of major AFP operations and training initiatives. The team also produces material to provide context to stories reported in the media, online and in AFP internal publications.

Security

The AFP complies with the Australian Government Protective Security Policy Framework and contributes to whole-of-government security policy agenda through participation in committees and forums.

The AFP's Security Committee, chaired by the Deputy Commissioner Close Operations Support as the agency security executive, is responsible to the Commissioner for the development of security policy, oversight of security matters and development of an appropriate security culture. AFP Security then implements security policy across the four protective security pillars of governance, personnel, physical security and information security.

AFP security training, practice and policy are designed to comply with the Protective Security Policy Framework with an emphasis on protecting the integrity of the AFP, its people, investigations and assets. AFP appointees complete the AFP's online security training and receive security presentations as part of induction and other training programs.

Spectrum and Strategic Programs

Spectrum and Strategic Programs comprises the Spectrum Program, AFP Portfolio Management Office and the National Security Capability Development Team.

SPECTRUM PROGRAM

The Spectrum Program is a multi-year business improvement program designed to deliver business changes supported by a major next-generation ICT project. The Spectrum Program delivered its first business process improvements in 2010–11 and is on track to complete phase two in 2012.

In January 2011 a request for tender was issued to industry for the acquisition of software applications to meet investigations, incident management and intelligence needs for the AFP. A preferred vendor was identified and contract negotiations commenced in 2011–12.

PORTFOLIO MANAGEMENT OFFICE

The Portfolio Management Office was established in late 2010 to mature the AFP's project, program and portfolio management capability and delivered the following services in 2011–12:

- portfolio management and provision of strategic investment support
- a Centre-of-Excellence function that is contributing to the establishment of the Portfolio Management Office and developing and implementing project, program and portfolio management standardisation, skills and training, knowledge, and support and assurance functions and services.

Legal

In January 2012 Legal moved from the Policy and Governance function to Close Operations Support, an area well-suited to Legal's commitment to, and focus on, reinvigorating investigations.

During 2011–12 the Legal team provided advice on approximately 3000 matters.

Ensuring the AFP has timely, accurate and appropriate legal support is the key priority for AFP Legal. The function comprises 33 legal practitioners and five support staff. All the legal practitioners hold practising certificates and operate under the Commissioner's Charter of Independence when providing legal advice. The General Counsel leads the practice and it is organised into five functional Legal teams: Operational and Counter Terrorism, International Deployment Group, Commercial and Governance, Employment and Litigation, and Information Law.

As part of the AFP's Legal function, a new Proceeds of Crime Litigation team was established. Although, like Legal, the Proceeds of Crime Litigation Team is an independent area reporting directly to Deputy Commissioner Close Operations Support, it forms part of the Criminal Assets Confiscation Taskforce and works closely with the Taskforce's investigative arm.

Intelligence

HIGHLIGHTS

During 2011–12 the Intelligence function:

- supported national and international investigations resulting in the disruption or arrests of people smuggling organisers, drug traffickers and cybercrime offenders, as well as the seizure of false identity documents and a large quantity of illicit drugs
- chaired the international Criminal Intelligence Advisory Group, which analysed global organised crime and shared target information between the Strategic Alliance Group member countries
- produced the *Annual intelligence assessment 2012: transnational criminal trends and threats to Australia*, which was disseminated to national and international partners
- incorporated the Target Evaluation Priority Index into AFP business practices and enhanced its interoperability with the Australian Crime Commission's national criminal targeting reporting requirements
- provided training to regional police services and gave presentations at international law enforcement forums.

Overview

Intelligence is an enabling function that directly contributes to AFP operational outcomes and, more broadly, Australian national security. The Intelligence function's objectives, as outlined in the Portfolio Budget Statements, are to:

- provide high-quality, targeted and real-time intelligence services to all levels within the AFP operations model by aligning its resources with the functional structure of the AFP, including co-location with investigative teams
- maintain mutually beneficial relationships with the Australian and international intelligence communities.

In 2011–12 the Intelligence function produced 789 intelligence reports in support of AFP operations and strategic decision making; 468 of these were disseminated to national and international partners. In 2011–12 the AFP generated 8374 Information Reports; 6170 of these were disseminated to national partners.

The Intelligence function produces the Target Evaluation Priority Index (TEPI), which identifies the criminal targets posing the greatest threat to Australia, to assist AFP managers with allocation of operational resources. TEPI was incorporated into AFP business practices, and its interoperability with the Australian Crime Commission's national criminal targeting reporting requirements was enhanced.

Intelligence services to AFP operations, 2011–12

During 2011–12 the Intelligence function supported 451 national and international investigations, which contributed to the operational results and significant achievements reported for the Crime Program, Counter Terrorism, Aviation and High Tech Crime. Almost half (48 per cent) of the support cases were for illicit drug matters.

CYBERCRIME

The Intelligence function provided extensive support to Operation Damara, including identifying and locating the target, which led to the arrest of a computer hacker in December 2011.

Intelligence provided to Cyber Crime Operations resulted in a search warrant on a Sydney-based target believed to be involved in a broad range of cybercrime offences. This was part of Federal Bureau of Investigation (FBI) Operation Cardershop, which resulted in 24 arrests worldwide across 12 countries.

ILLICIT DRUGS

Intelligence played a key role in the identification and linking of a large number of importations of ContacNT from the People's Republic of China (PRC) to Australia. Operation Burlwood identified a syndicate that used foreign language internet chat rooms for recruitment of overseas students to facilitate the importation. Intelligence gained was subsequently passed to the PRC via the AFP International Network.

MONEY LAUNDERING

Intelligence referrals were developed in relation to Australian and overseas groups involved in money laundering and investment of criminal proceeds. A review by Intelligence of convergences between money laundering networks identified in AFP Crime Program investigations exposed a number of new syndicates engaged in the movement of large quantities of suspected criminal proceeds overseas. These matters were referred to the Criminal Assets Confiscation Taskforce.

PEOPLE SMUGGLING

Intelligence provides ongoing embedded support to people smuggling investigations in Canberra, Sydney, Melbourne, Perth and overseas. Intelligence provided dedicated in-country support to Indonesian National Police people smuggling investigations. This support focused on assisting the Indonesian police with investigation of people smuggling organisers and development of the police's criminal intelligence capabilities. The support directly assisted the Indonesian police to locate and arrest a number of high-level people smuggling organisers, including a key suspect allegedly involved in organising the people smuggling venture which culminated in the tragic sinking of the vessel off the coast of Indonesia in June 2012.

COVERT SERVICES

Intelligence has developed enhanced capability to allow a more proactive approach to the targeted use of human sources. By removing more traditional teams and replacing them with cells that are interlocutory and more supportive of each other, Intelligence is now able to deliver a more dynamic and flexible covert policing model. This enables the AFP and its law enforcement partners to disrupt criminal activity both in Australia and internationally.

INTERNATIONAL DEPLOYMENT SUPPORT

Intelligence supported the AFP's International Deployment Group missions through short-term deployments to Christmas Island, Papua New Guinea, Samoa and Solomon Islands. Intelligence developed operational criminal intelligence related to numerous overseas missions including Afghanistan, the Pacific and South Sudan. For example, in the reporting period Intelligence produced reports on crime and security issues such as illicit firearms in the Pacific and illicit drugs in Afghanistan.

Cooperation with national and international partners

NATIONAL INTELLIGENCE COMMUNITY

The AFP is a member of the National Intelligence Community. The Intelligence function has a team dedicated to monitoring and managing the AFP's contribution to the National Intelligence Coordination Committee (NICC), which is responsible for increasing the value of intelligence that is collected and shared on national security priorities. The AFP is responsible for the development of several intelligence requirements and evaluation papers related to law enforcement input into national intelligence priorities, the key document produced by the NICC, which is endorsed by Cabinet.

Throughout 2011–12 Intelligence built on its strong relationships with NICC agencies, which contributed to the development of a shared understanding of overseas environments where the AFP has deployed missions. This sharing of knowledge enabled Intelligence to inform AFP decision makers with regard to achieving their operational objectives, including maintaining mission security.

INTELLIGENCE STAFF OUTPOSTED TO OTHER AGENCIES

During 2011–12 Intelligence had a total of 10 members outposted to the Australian Security Intelligence Organisation (ASIO), Australian Crime Commission, Australian Commission for Law Enforcement Integrity, Australian Customs and Border Protection Service and Department of Defence.

An AFP financial intelligence analyst is outposted to the multi-agency Financial Intelligence Assessment Team (FIAT), which is hosted by the Australian Crime Commission. The AFP can refer specific matters for assessment and is also a recipient of referrals and intelligence assessments from FIAT.

Intelligence continues to collaborate with, and provide support to, multilateral and whole-of-government initiatives. These currently include secondments to the Counter Terrorism Control Centre, ASIO Leads Branch and the ASIO National Threat Assessment Centre. Support

is also provided to existing multi-agency Joint Counter Terrorism Teams located in Brisbane, Sydney, Melbourne, Perth and Adelaide. In addition, Intelligence support is provided to the Regional Cooperation Teams, which work with law enforcement and security services in Thailand, Indonesia and the Philippines.

JOINT AIRPORT INTELLIGENCE GROUPS

AFP Intelligence manages the Joint Airport Intelligence Groups (JAIGs), which are located in 10 airports around the country. The AFP, state and territory police and the Australian Customs and Border Protection Service have a permanent presence in the JAIGs. The Australian Crime Commission, the Department of Agriculture, Fisheries and Forestry, Department of Immigration and Citizenship, Attorney-General's Department and Department of Infrastructure's Office of Transport Security provide staff on a visiting basis. This arrangement enhances information and intelligence sharing.

The JAIGs work closely with state and territory police on operations involving the aviation environment. For example, in the Gold Coast the JAIG has a close working relationship with the Queensland Police Service's Task Force Hydra, which is responsible for strategies aimed at disrupting and dismantling outlaw motorcycle gangs in Queensland.

LAW ENFORCEMENT INTELLIGENCE PARTNERSHIP IN THE PACIFIC

A bilateral AFP and New Zealand Police initiative has generated a unified focus on criminal threats that may transit the Pacific region and undermine national security. As collaborative partnerships are key to minimising the risk of criminal activity, joint strategies have been established to combat these threats.

WORKING GROUPS AND FORUMS

The Criminal Intelligence Advisory Group (CIAG) was chaired in 2011–12 by AFP National Manager Intelligence and consists of the heads of intelligence of the United States FBI, United Kingdom Serious Organised Crime Agency, New Zealand Police, United States Drugs Enforcement Administration, United States Immigration and Customs Enforcement, Royal Canadian Mounted Police, Australian Crime Commission and AFP. The heads of these agencies meet annually at the Strategic Alliance Group.

CIAG met in San Diego in October 2011 and in Cairns in February 2012. CIAG addresses global criminal threats such as people smuggling, Mexican organised crime and, most recently, Iranian organised crime. The AFP took the lead on certain CIAG projects including the development of a paper addressing global precursor control initiatives and the management of Project Torch, which involves Australia, Canada, New Zealand, United Kingdom and United States sharing target information.

Intelligence provided support to the AFP representative at the International Drug Enforcement Conference Far East Working Group, which met in March 2012 to discuss operational issues facing each country and to identify regional illicit drug threats and trends.

CAPACITY BUILDING

The Intelligence function strengthened relations with, and the capacity of, international partners by:

- assisting AFP International Training in the delivery of the Advanced Intelligence Program to members of China's National Narcotics Control Commission in July 2011 and to the Royal Thai Police in May 2012
- providing training to the Royal Malaysian Police on intelligence collection procedures to enable it to adhere to the requirements of the Anti-Trafficking in Persons Act 2007 (Malaysia) after the repeal of the Internal Security Act by the Malaysian Parliament in 2012
- delivering intelligence-specific training programs to the Sri Lanka Police Service Criminal Investigation Department and Indonesian National Police.

International cooperation

- The Intelligence function provides regular support to the AFP International Network and its overseas counterparts at post. For example, the function provided the AFP office in Jakarta with intelligence in support of an Indonesian National Police operation, which led to the disruption of an international Iranian criminal drug syndicate responsible for importations of hundreds of kilograms of methamphetamine to Indonesia during late 2011 and early 2012.
- Intelligence identified an Australia-based person who was of interest to the United States FBI, leading to the arrest of the FBI's target.
- Intelligence identified a member of an online issue-motivated group which was inciting attacks on Australian Government and other websites. Dutch police later identified this person as a suspect in an attack on a major Dutch telecommunications company. As a result of this intelligence and collaboration, AFP and Dutch police executed simultaneous search warrants on their respective suspects on 20 March 2012. Dutch police detained one alleged offender.
- Intelligence provided the AFP's office in Thailand with intelligence that led to the disruption of the criminal activities of an Iranian national with operational bases in New Zealand and Australia.

Forensic and Data Centres

HIGHLIGHTS

- The Australian Government approved the construction of a modern and flexible forensic facility, planned to be operational in 2015, assuring optimal forensic support to AFP operations and projected growth of specialised disciplines over the next 20 years.
- In March 2012 Forensic and Data Centres achieved a Business Satisfaction Survey result of 94 per cent, reflecting a marked improvement in external relationships and the relevance of activity in support of, and partnership with, our external stakeholders.
- The rate of Forensic and Data Centres drug sample submissions to the National Measurement Institute for analysis was approximately 30 per cent above the target rate, which reflected a high tempo in AFP drug operations and subsequent seizures.

Overview

In 2011–12 Forensic and Data Centres met its strategic priorities, which include:

- maximising the disruptive effect on crime through the provision of forensic science and technical intelligence services
- providing science and technology leadership and innovative solutions
- enhancing capabilities through a motivated and sustained workforce
- demonstrating policy leadership.

Support for AFP investigations

FORENSIC OPERATIONS

In 2011–12 Forensic Operations implemented the 'Rapid Lab', which provides enhanced forensic services to frontline investigators through:

- a reduction in DNA and fingerprints turnaround time from weeks to days
- face-to-face engagement between scientists and investigators for early collaboration on the physical elements of offences
- a change of culture from silo environment to collaborative teamwork between scientists of different disciplines.

Forensic Operations also implemented the Forensic Intelligence Team, in which an ACT Policing Intelligence analyst is co-located with crime scenes investigators at Forensic and Data Centres. The team processes and analyses intelligence collected from crime scenes and converts it into actionable intelligence packages for ACT Policing.

Capabilities such as forensic search and excavation, imagery and geomatics, which are unique in Australia, were also initiated within Forensic and Data Centres during this reporting year. These new areas of specialisation enable forensic overt and covert search and excavation to discover highly concealed items in vehicles, buildings and open areas. Enhanced detection equipment was also introduced with ability to locate concealed items (buried or within structural fabric of buildings).

FORENSIC CAPABILITY PROGRAM

The Forensic Capability Program administers the Business Process Review project to ensure that scientific rigour, effective investigative input and Forensic and Data Centres service delivery are optimised, adaptive and responsive.

In 2011–12 the program made good progress, achieving the development of a successful detailed business case and subsequent budget approval for the construction of a new forensic facility at the AFP's Majura complex.

DATA CENTRES

In 2011–12 the Australian Bomb Data Centre (ABDC), Australian Illicit Drug Data Centre (AIDDC) and Australian Chemical, Biological, Radiological and Nuclear Data Centre received over 300 formal requests for information from national security agencies, the AFP, jurisdictional police and regional bomb data centres. They provided input to policy development and scientific and technical intelligence assessments throughout the year.



AFP bomb appraisal equipment deployed

The ABDC continued to provide support to South-East Asian bomb data centres, including deployment to Bangkok to support the Royal Thai Police Bomb Data Centre investigation into the recovery of precursor chemicals and the failed bombings on 14 February 2012.

The AIDDC also managed the Enhanced National Intelligence Picture on Illicit Drugs and National Drug Precursor Risk Assessment Capability programs, funded under the Proceeds of Crime Scheme.

International engagement

Under the Enhancing Australia's Law Enforcement Engagement with Pakistan (Forensic Component) Project, eight specialist forensic training courses were held in Australia for 68 Pakistani police and forensic officers. In addition, the National Pakistan Forensic Leadership Forum was established, which is co-chaired by the National Manager Forensic and Data Centres, to encourage localised assistance and expertise to ensure the project's long-term sustainability. A significant amount of scientific equipment and consumables was also purchased for various forensic facilities across Pakistan to support these training activities.

Under the Increasing Australia's Law Enforcement Presence and Strengthening the Rule of Law in Africa Project, Forensic and Data Centres has achieved key outcomes including coordinating the African Network of Forensic Medicine Forum meetings in Botswana and Uganda, an Investigating Sexual Violence workshop in Namibia, a Crime Scene Management course in Kenya and a number of other forensic capacity building activities including major purchases of critical forensic equipment and consumables.

The Pacific Police Development Program (Forensic Capacity Building) has enabled Forensic and Data Centres to improve forensic capacity in the Pacific region. This year the project completed activities in nations such as Samoa and Tonga including the establishment of four fingerprint laboratories, development of the Pacific Automated Fingerprint Identification System and various forensic and disaster victim identification training courses.

Forensic and Data Centres continues to be responsible for achieving outcomes in forensic capacity building in the South-East Asia region. The project deliverables and activity schedules have been realigned with the AFP's International Engagement Strategy, and outcomes have been focused on developing forensic capabilities to support counter-terrorism activities and people smuggling investigations.

Research and development

Audit activities by the National Association of Testing Authorities have resulted in the reaccreditation of Forensic and Data Centres' forensic laboratory under ISO 17025.

Forensic and Data Centres has also progressed collaborative research projects with academic and industry partners in areas such as fingerprint examination and post-blast and pre-blast detection of explosives.

High Tech Crime Operations

HIGHLIGHTS

High Tech Crime Operations (HTCO):

- received reports from the Commonwealth Ombudsman finding 100 per cent compliance in relation to telecommunications interception and surveillance devices
- contributed to the government's Cyber White Paper process, the proposed reform of the *Telecommunications (Interception and Access) Act 1979* and discussion around radio spectrum reallocation.

HTCO Cybercrime Operations contributed to safeguarding information systems of national significance, demonstrated by the successes in Operation Damara and the commitment to key partnerships including the Cyber Security Operation Centre, CERT, AusCERT and the Australian banking sector.

HTCO Child Protection Operations achieved excellent results, with 171 arrests/ summonses in the 2011–12 financial year.

The Crime Prevention and Missing Persons areas of HTCO contributed to the extensive development and delivery of Cyber Safety Awareness Programs nationally and to the increase in partnerships with other law enforcement agencies and industry – in particular, Microsoft, ninemsn and Datacom.

The AFP is Chair of the Virtual Global Taskforce, which now has 18 partners and includes multinational industry and non-government organisations. It also celebrated the passing of the INTERPOL Resolution to Combat Online Sexual Exploitation of Children through a global legislative engagement strategy.

In April 2012 HTCO Cyber Crime Operations delivered a pilot of an advanced cybercrime training program to AFP and international police officers. This course was developed after the Australia New Zealand Policing Advisory Agency eCrime Committee identified a shortage of specialist training for police investigating complex cybercrime.

Overview

The High Tech Crime Operations (HTCO) function provides the AFP with an enhanced capability to investigate, disrupt and prosecute offenders committing serious and complex technology crimes. These include significant computer intrusions such as distributed denial of service attacks and breaches of major computer systems.

HTCO is responsible for the investigation of crimes associated with online child sex exploitation and child sex tourism. HTCO supports and assists foreign jurisdictions in relation to child sex tourism by working with local and international law enforcement agencies and other relevant entities. HTCO Child Protection Operations works very closely with its national and international partners to investigate offences committed through the use of the internet to facilitate the sexual exploitation of children.

The AFP is Chair of the Virtual Global Taskforce, which is an international collaboration of law enforcement and private industry partners working together to help protect children from online child abuse and related contact offending.

Virtual Global Taskforce Operation Gondola resulted in the sentencing of a teacher in the United States to 30 years in federal prison for the production of child exploitation material. An Australian was also found to possess nearly 50 000 child abuse images. Operation Gondola was led by United States and Italian law enforcement agencies, which provided further leads to law enforcement partners across the globe regarding individuals accessing these images. The results of this operation reaffirms the importance of collaboration in that there were 32 criminal arrests, 22 indictments, six convictions and 207 seizures in countries across the globe.

The Virtual Global Taskforce, in strategic partnership with the Council of Europe, successfully moved an INTERPOL Resolution in Vietnam in November 2011. The intent of this resolution was to develop and enhance the online child sexual exploitation legislative capabilities of some 190 member countries. All countries present supported this resolution.

HTCO:

- supports AFP operations by providing technical and physical surveillance support, as well as developing and deploying enhanced technical capabilities and best-practice close operations support to whole-of-AFP investigators across a broad range of functions
- supports investigations by providing monitoring, record-keeping and report services in accordance with the *Telecommunications (Interception and Access) Act 1979* (TIA Act) and a record-keeping and report service in accordance with the *Surveillance Devices Act 2004*
- anticipates and identifies emerging technology challenges for law enforcement and develops response strategies to these by engaging with domestic and foreign law enforcement agencies, government, industry, academia and the public
- has a strong prevention focus on raising awareness and educating the Australian community on online safety and security and also coordinates the annual National Missing Persons Week campaign to raise awareness of the significant issues associated with missing persons in Australia
- contributes to the development of, and compliance with, legislation, policy and governance related to information and communications technology, and centrally coordinates technical support.

Performance

All of HTCO's Performance Budget Statements key performance indicators have been met in 2011–12 and are tracking well against business plan goals.

Significant operations support achievements include:

- security accreditation of the Enhanced Technical Surveillance system
- successive positive reports from the Commonwealth Ombudsman regarding compliance with telecommunications interception and surveillance devices legislation
- a new ThinkUKnow partner – Datacom
- policy contribution to the Cyber White Paper process and reform of the TIA Act
- submissions to the Commonwealth Parliamentary Inquiry into Cybersafety for Senior Australians and the Victorian Parliamentary Inquiry into Sexting.

Significant operational achievements include:

- **Operation Belfort** – In December 2011 a national AFP investigation began to disrupt a number of online child sex offenders who had allegedly been sharing child exploitation material across a peer-to-peer domain. A total of 16 men were arrested in Australia by Child Protection Operations. The majority of these matters are still before the court.
- **Operation Damara** – While investigating a series of computer hacks occurring between February and July 2011, online monitoring by the AFP identified an unauthorised access into Platform Networks, a provider of web hosting and security services. The AFP worked closely with Platform Networks to monitor the unauthorised access and collect evidence, while maintaining the security of its client base. It is estimated the damage caused by all the attacks investigated in this matter was upwards of \$6 million.
 - A suspect in this investigation subsequently pleaded guilty to two counts of unauthorised modification of data to cause impairment and 18 counts of unauthorised access to, or modification of, restricted data in relation to the hack on Platform Networks. On 22 June 2012 he was sentenced to a 2.5-year custodial sentence, to be released on recognisance for the last 12 months.



Awareness raising: National Missing Persons Week

- The sentencing judge stated the offender prided himself on being a hacker, there was a risk that serious damage could have occurred and a firm message needed to be sent to hackers. This was the longest custodial sentence for computer hacking in Australia.
- **Cyber Crime Operations** executed a search warrant on a Sydney-based suspect believed to be involved in a broad range of cybercrime offences – including participation in online forums to share stolen credit card data and exchange information concerning hacking methods or computer-security vulnerabilities (known as carding forums). This was part of Federal Bureau of Investigation Operation Cardershop, which resulted in 24 arrests worldwide involving one dozen countries.
- provision of over 50 copies of the Technology Enabled Crime Online Awareness Program to national and international organisations and partner agencies.

Significant crime prevention and awareness raising achievements include:

- delivery of 204 cybersafety school presentations, with an outreach of 27 152 students
- delivery of 140 ThinkUKnow presentations to 4959 parents, carers and teachers

Crime prevention and awareness raising

During National Cyber Security Awareness Week, 12–15 June 2012, Cyber Crime Operations members attended residences in Brisbane, Sydney and Perth in relation to suspicious online activity. Six cautions were issued to young people suspected of being engaged in cybercrime-related activities. The AFP did not arrest any of the young people spoken to. This activity was undertaken as a diversionary measure and to increase their understanding of these types of offences. The individuals and their parents or guardians were each provided with a copy of the relevant Commonwealth legislation and educated as to the illegality or potential illegality of their activities.

Outcome 2

A safe and secure environment through policing activities on behalf of the Australian Capital Territory Government

ACT POLICING

ACT Policing is the community policing arm of the AFP responsible for fulfilling Outcome 2: *A safe and secure environment through policing activities on behalf of the Australian Capital Territory Government*. More information about performance can be found in the ACT Policing annual report which is produced annually in accordance with the Policing Arrangement between the Australian and ACT governments. The report is available at www.police.act.gov.au, through ACT Policing Media and Marketing on (02) 6264 9460 or act-police-marketing@afp.gov.au.

Role

ACT Policing's role is to deliver quality police services to the Australian Capital Territory (ACT). These services are provided in accordance with *An arrangement between the Minister for Justice and Customs of the Commonwealth and the Australian Capital Territory for the provision of police services to the Australian Capital Territory* (the Policing Arrangement), signed for a further five years on 24 June 2011.

The Policing Arrangement provides for the establishment of an annual purchase agreement between the ACT Minister for Police and Emergency Services, the Commissioner of the AFP and the Chief Police Officer of ACT Policing. The purchase agreement specifies the type and level of services required by the ACT Government from ACT Policing on an annual basis and the agreed price of those services.

The major outcome of the purchase agreement is that ACT Policing is to 'work in partnership with the community to create a safer and more secure Australian Capital Territory through the provision of quality police services'. This is measured through our four pillars: Crime and Safety Management, Traffic Law Enforcement and Road Safety, Prosecution and Judicial Support, and Crime Prevention.

Intent

ACT Policing continually strives to enhance its service delivery to the people of Canberra and, in so doing, contributes to a safer environment for all Canberrans. Its specific intent is to deliver a professional, innovative and responsive policing service for all the people of Canberra.

Mission and values

ACT Policing's mission is to keep the peace and preserve public safety within the ACT.

In line with the AFP, ACT Policing prides itself as being a values-driven organisation. The core values of integrity, commitment, excellence, accountability, fairness and trust represent its principles and standards.

Strategic approach

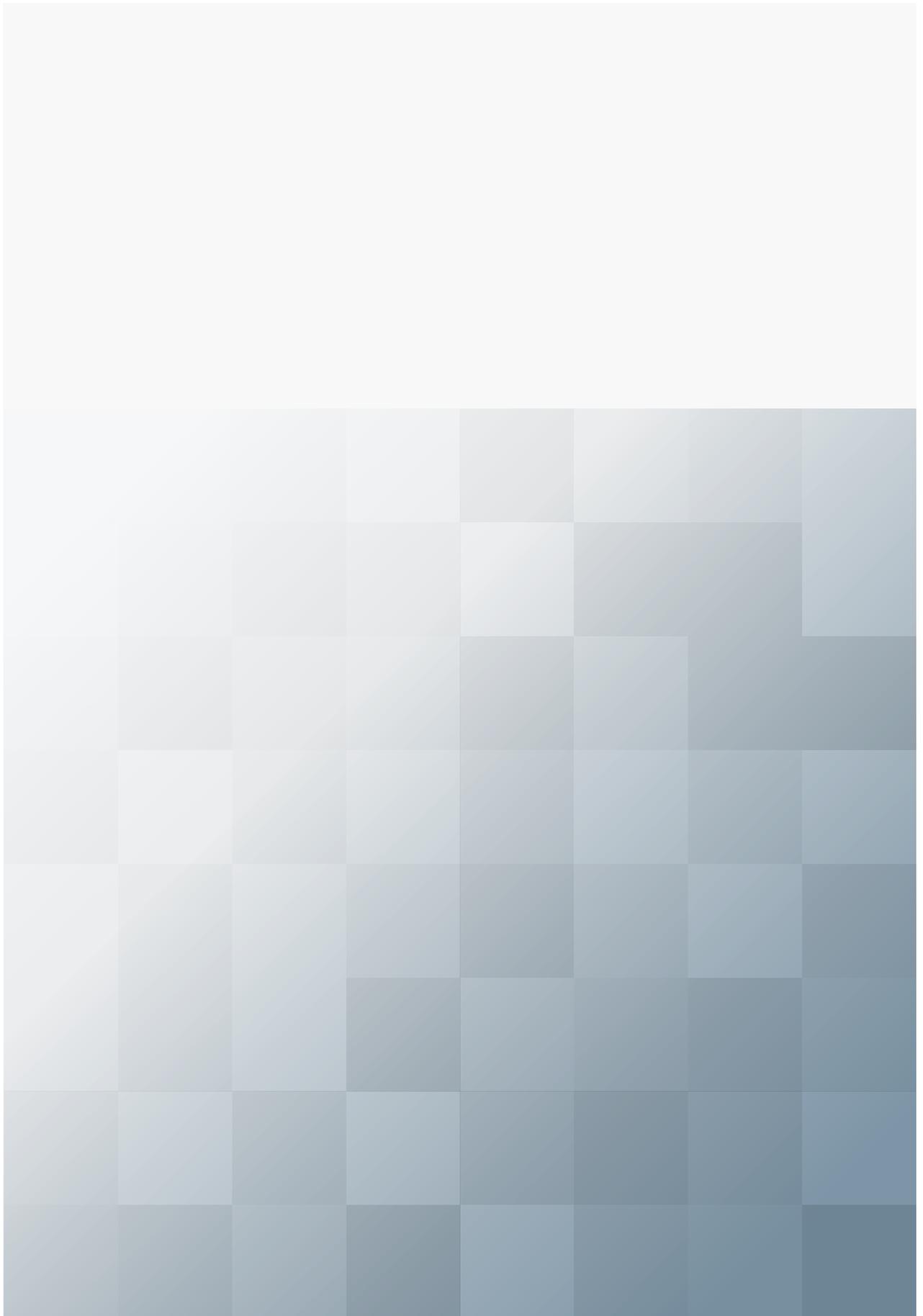
ACT Policing's strategic approach is to continue to create a safer ACT through:

- understanding the needs of the community and, in so doing, promote mutual trust, assurance and the active cooperation of the community
- delivering proactive policing strategies to prevent, detect, investigate and prosecute crime and address the perceptions of crime and safety in the community
- maintaining a capability to focus and coordinate energy and resources at key points in key moments in time to achieve specific objectives
- embedding a customer service culture that ensures the delivery of compassionate and respectful support to the public
- creating a workforce that continues to deliver a professional policing service that contributes to AFP capabilities and embraces professional development opportunities.

Structure

The ACT Policing Executive comprises the Chief Police Officer, Deputy Chief Police Officer – Response, Deputy Chief Police Officer – Crime, and Director Corporate Services.

The Chief Police Officer is responsible to the ACT Minister for Police and Emergency Services and the Commissioner of the AFP. The Chief Police Officer is supported by three functional streams of Crime, Response and Corporate Services.



05

CORPORATE SERVICES



HIGHLIGHTS

In 2011–12 the Corporate Services group:

- developed the new Strategic Risk Profile, in conjunction with the AFP Strategic Plan 2012–15, to improve the management of AFP organisational risks
- maintained the AFP's position as one of the top 10 employers in Australia for initiatives related to gay, lesbian, bisexual, transgender and intersex employees
- launched the AFP Leadership Philosophy in March 2012
- implemented a whole-of-AFP cost attribution model to support executive decision making
- maintained a strong and effective internal control and financial management framework
- enhanced the AFP's budgeting and asset management framework
- completed redevelopment work at the Australian Institute of Police Management
- delivered three new aviation security accommodation facilities
- implemented a cost-neutral strategic reform program that involved a reorganisation of the Information and Communications Technology (ICT) function into a delivery life cycle structure – Plan, Build, Run and Governance
- opened the AFP Innovation Centre, which enables a range of industry vendors to demonstrate their products to find innovative ICT solutions to business challenges
- commissioned the Hume data centre power management system, resulting in a reduction of power usage by 15 per cent
- replaced 500 physical servers with virtualisation technology, reducing power usage and physical footprint and delivering efficiencies in support and maintenance activities
- negotiated the new AFP Enterprise Agreement 2012–16.

Overview

Corporate Services supports the AFP's detection, prevention, disruption and investigation of crime through the provision of support services. Corporate Services group is composed of four functions:

- Financial and Commercial
- Information and Communications Technology
- Human Resources
- Policy and Governance.

Financial and Commercial provides a variety of financial, commercial, property and other support services. It also provides advice to external clients and vendors.

Information and Communications Technology provides technology and business process solutions.

Human Resources provides contemporary people solutions and policies.

Policy and Governance strives to be the trusted adviser within the AFP and to key external stakeholders including the Attorney-General, Minister for Home Affairs and Justice, parliament and partner government agencies. The function seeks to shape and influence policy and budget matters in support of the AFP's operational outcomes. The function provides advice on performance, governance and legislation, actions freedom of information requests and manages the relationship between the AFP and ministers and the parliament.

Finance and Commercial

The AFP's cost attribution model was increasingly used to support senior executive decision making as it provides better transparency and understanding of cost flows and resource consumption.

Increased collaboration occurred with the Australian Taxation Office on fringe benefits tax compliance through the AFP signing an annual compliance agreement in December 2011. This arrangement will enable process efficiencies to be achieved across the AFP's fringe benefits tax compliance framework.

The AFP completed the redevelopment of the Australian Institute of Police Management facilities at Manly. The requirements to provide an enhanced training facility, maintain and ensure the productive use of heritage buildings and preserve the habitat for resident populations of wildlife were all met.



New facilities built at the Australian Institute of Police Management

Three new aviation security police accommodation facilities were completed and became operational, with the remainder expected to be progressively completed over the 2012–15 period.

Reduced turnaround times for national police checks

Over 530 000 national police checks were conducted for AFP clients, support provided for more than 105 000 national police checks conducted through other Australian police services and CrimTrac, and assistance provided for over 43 000 requests for prosecution and other law enforcement purposes from various jurisdictions.

Accessibility to national police checks was improved with the introduction of an online application and payment capability which reduces turnaround times, particularly for applicants in remote locations.

FINANCIAL PERFORMANCE

The AFP's \$1289 million departmental operating income for 2011–12 was comprised of \$1002 million in government appropriation, \$142 million from the ACT Government for policing services and \$145 million in other externally generated revenue. In addition, the AFP received \$54 million in government appropriation for capital expenditure and \$8 million as an equity injection as part of new initiatives. The AFP also administered \$44 million in expenses on behalf of the government in 2011–12.

In the 2011–12 financial year the AFP reported a departmental operating deficit of \$121 million including unfunded depreciation of \$90 million, accounting adjustments for increases in employee leave provisions of \$43 million and a net underspend from operating activities of \$12 million, largely caused by a higher than budgeted staff attrition rate and restraint in expenditure to partially offset the cost of increased leave provisions. The net result was achieved in the context of a busy year in which the AFP has met all its performance targets and delivered effectively for the government on international deployments and aid responsibilities.

Audited financial statements showing the AFP's financial position appear under the heading 'Financial statements' in this report.

PROCUREMENT AND CONTRACTS MANAGEMENT

The AFP continued to participate in Department of Finance and Deregulation coordinated procurement activities in areas including travel services and fleet management. It also remained a member of the Australia New Zealand Policing Advisory Agency Procurement Committee, which explores opportunities for collaborative procurements to provide greater value for money.

In 2011–12 the AFP conducted a number of major tender processes including provision of interpreter and translator, Australia-wide security guarding of AFP sites, internet gateway and driver training services.

Information on the value of contracts, including consultancies, is available at www.tenders.gov.au. The AFP regularly reviews and updates its annual procurement plan and also publishes the *Senate order on departmental and agency contracts* on its website. In 2011–12 the AFP did not let any contracts of \$100 000 or more which did not provide for the Auditor-General to have access to the contractor's premises.

Consultancies

During 2011–12, 46 new consultancy contracts were entered into, involving total actual expenditure of \$1 661 239. In addition, 21 ongoing consultancy contracts were active in 2011–12, involving a total actual expenditure of \$1 753 515.

The AFP engages consultants where it lacks specialist expertise or when independent research, review or assessment is required. Consultants are typically engaged to investigate or diagnose a defined issue or problem, carry out defined reviews or evaluations or provide independent advice, information or creative solutions to assist in AFP decision making.

Prior to engaging consultants, the AFP takes into account the skills and resources required for the task, the skills available internally and the cost-effectiveness of engaging external expertise. The decision to engage a consultant is made in accordance with the *Financial Management and Accountability Act 1997* and related Regulations including the Commonwealth Procurement Guidelines and relevant internal policies.

Information on the value of contracts and consultancies is available on the AusTender website.

Exempt contracts

During 2011–12 the AFP did not publish on AusTender the details of 165 contracts with a total value of \$22 495 631 because the details would disclose exempt matters under the *Freedom of Information Act 1982*.

TABLE 7: EXPENDITURE ON CONSULTANTS, 2009–10 TO 2011–12

	2009–10	2010–11	2011–12
New contracts let	63	46	46
Total expenditure (new and ongoing contracts)	\$4 994 551	\$2 719 077	\$3 414 754

Information and Communications Technology

The AFP's operational tempo and complex operating environment caused Information and Communications Technology (ICT) to review its delivery model. ICT restructured and implemented the industry-recognised model of Plan, Build and Run, and extended this to Governance. Moving to this model led to a restructure in July 2011, the focus being on people and skills, moving staff into the right team to support the Plan, Build, Run and Governance model and hence better support the AFP's reliance on technology.

The AFP Innovation Centre was opened on 29 March 2012. ICT products from a range of industry vendors will be demonstrated in the centre to find innovative ICT solutions to business challenges. The centre enables technology partners to demonstrate their products in an unclassified environment.

ICT implemented the Microsoft Platform Upgrade Program (Windows 7, Office 2010, BizTalk) to all sites in Australia, successfully delivering a new standard operating environment incorporating the upgraded desktop operating system and new office automation applications to over 6900 desktops nationally. This included the compilation and provision of 7000 presentation packs, delivery of information sessions and set-up of drop-in centres in all the state capitals, including all ACT locations. ICT facilitated a smooth transition to the new system with a minimum of disruption to operational activities.

ICT developed and provided training assistance and support for the introduction of a Customer Relationship Management system. This business system enables the handling and management of freedom of information requests to the AFP. The system was implemented smoothly, enabling the AFP to respond to freedom of information requests in a timely manner.

ICT relocated archived AFP records from all regional records management units, alleviating ongoing storage requirements in the records management units in Perth, Adelaide, Melbourne, Sydney and Brisbane. This initiative created space to cater for growth in new records. ICT also relocated 25 pallets of classified files to the central records management unit in Canberra.

ICT delivered five significant changes to the SAP (Systems Applications Products) system: automated invoice processing, inventory management, improvements and automation of procurement processes, online uniform ordering, and the implementation of the changes to pay and conditions following the signing of the AFP Enterprise Agreement.

In 2011–12 ICT also:

- developed and demonstrated the law enforcement collaboration portal for use by Australia, Canada, New Zealand, United Kingdom and United States and other law enforcement agencies
- implemented ICT capability at the new Sydney and Darwin aviation facilities
- accepted into the production environment the AFP sensitive (TOP SECRET ENVIRONMENT and AFP SECRET) ICT systems, allowing information sharing between AFP headquarters, regional offices and other national security agencies.



Opening of AFP Innovation Centre

Human Resources

In 2011–12 the AFP continued to have strong retention rates – the attrition rate for all staff was 5 per cent and for sworn staff 3 per cent, reflecting attrition rates that are consistently lower than the Australian Public Service.

In 2012 the organisation attracted over 4000 applications for sworn police officers (national and ACT Policing) and sworn protective service officers. There were over 1000 applications for 20 positions within the unsworn Graduate Program.

ENTERPRISE AGREEMENT 2012–16

The AFP Enterprise Agreement 2012–16 received a positive staff vote and was approved by Fair Work Australia in March 2012. The agreement was established through a comprehensive consultation process with staff and the unions.

AFP LEADERSHIP PHILOSOPHY

The AFP Leadership Philosophy was developed as a joint project between AFP Learning and Development, Human Resources Strategies and the Australian Institute of Police Management. The Leadership Philosophy was launched by the Commissioner in March 2012. It is values-based, defines the essential elements of leadership required in a law enforcement environment and articulates the need for people to demonstrate leadership at all levels. The AFP's Leadership Philosophy consists of three layers:

- the AFP's organisational values of Fairness, Accountability, Commitment, Excellence, Integrity and Trust
- leadership capabilities based on the work of the Australia New Zealand Policing Advisory Agency and the Australian Public Service Commission Integrated Leadership System
- the core elements of leadership, which have been defined as Courage, Character and Collaboration.

The Leadership Philosophy forms the basis for strengthening the leadership culture in the AFP. Organisation-specific initiatives delivered in 2011–12 included the Learning Circles Program for the AFP Senior Executive Service (SES) Band 1 group to foster a leadership culture through strengthening peer networks in the organisation.



EXECUTIVE DEVELOPMENT

A new SES Leader to Leader Series of lunchtime seminars targeted the SES and executive-level (EL) staff and involved eminent leaders from the public and private sectors. Guest speakers included the Secretary of the Attorney-General's Department, Mr Roger Wilkins AO, Dr Michael Wesley of the Lowy Institute and the Honourable Mr Michael Kirby AC CMG.

New leadership development workshops have been provided to team leaders and aspiring team leaders across the organisation. The focus of these workshops is to introduce participants to the Leadership Philosophy. The workshops also focus on the development of key leadership skills including emotional intelligence, contextual intelligence, leading and managing individuals and teams, and critical and strategic thinking skills. In the 2011–12 financial year these workshops were attended by 108 participants and will continue to be a regular feature on the AFP's internal academic calendar.

The AFP continues to invest in developing its managers and leaders through executive participation in development programs, including those delivered through the following organisations:

- Australian Institute of Police Management (AIPM) – a number of AIPM programs were accessed by executives, primarily the Police Management Development Program and the Police Executive Leadership Program

- Australian Public Service Commission – including the SES Orientation Program, considered mandatory for all newly promoted SES personnel
- Australian Institute of Company Directors
- National Security College
- Australia and New Zealand School of Government – Executive Masters in Public Administration.

The AFP continued to maintain a coaching panel and offered this as a targeted individual development opportunity for its executives. Senior executives in the organisation continued to mentor EL staff and team leaders.

SENIOR EXECUTIVE REMUNERATION

SES appointees may be provided with an annual bonus as part of their total remuneration package. The quantum of this bonus is determined by the Commissioner on the basis of the SES employee's deliverables over a 12-month period against an agreed performance charter. Bonus payments for all AFP SES employees are moderated by the Remuneration Committee. The committee provides advice to the Commissioner on all remuneration matters.

WORKFORCE PLANNING AND REPORTING

The AFP continued to implement the 2010–12 Workforce Plan through attraction and retention strategies to target appropriate numbers and skills and achieve the required workforce mix. Regular reports against the Workforce Plan are provided to senior committees to support organisational decision making.

In 2011 the AFP reviewed its recruitment policy and programs. Refined policy, guidelines and procedures were established to better support the range of diverse recruitment undertaken by the organisation.

SOCIAL INCLUSION

The AFP continued to implement its Workforce Diversity Action Plan with a strong focus on attracting, recruiting, developing and retaining people from five core groups:

- Aboriginal and Torres Strait Islander (A&TSI) Australians
- women
- people from culturally and linguistically diverse communities
- gay, lesbian, bisexual, transgender and intersex people (GLBTI)
- people with disabilities.

The AFP continued to work towards the target of increasing the A&TSI component of its workforce to 2.7 per cent by 2015. Currently 1.11 per cent of AFP members identify as being Aboriginal or Torres Strait Islander. As an example of this focus on A&TSI recruitment, the AFP recruited 10 Indigenous trainees in 2011–12.

The AFP continues to have a leading role in Portfolio Reconciliation Network activities in the Attorney-General's portfolio. The AFP initiated and led the development of the Portfolio Statement of Commitment to Reconciliation. This statement was signed by the majority of heads of agencies in the Attorney-General's portfolio. In May 2012 the AFP, in partnership with the Attorney-General's Department, hosted the launch of the Portfolio Statement of Commitment to Reconciliation.

The AFP held its annual Reconciliation Breakfast in May 2012. This has now become a popular event in the organisation's workforce diversity calendar, with regular attendance of close to 100 people including AFP members, representatives from various agencies within the Attorney-General's portfolio, including the Attorney-General's Department, Australian Government Solicitor and the Australian Crime Commission, as well as representatives from a number of community organisations and Reconciliation Australia. This year the organisation was honoured to have Gail Mabo, daughter of Eddie Mabo, as the keynote speaker for the event. This coincided with the 20-year anniversary of the historic Mabo decision in the High Court.

Pride in Diversity award

The AFP received a Pride in Diversity award in May 2012 as one of the top 10 organisations in Australia for initiatives supporting GLBTI people in the workplace and community. The AFP Gay and Lesbian Liaison Officer (GLLO) network provides support to the AFP GLBTI community. The GLLO network celebrated its 15th anniversary in September 2011.

The AFP prepared the Disability Action Plan 2012–14, which contains specific initiatives to support the recruitment and retention of people with a disability and provides for greater education and awareness of the benefits of employing people with a disability. The plan was announced internally in December 2011.



15th anniversary of the Gay and Lesbian Liaison Officer network

PROFESSIONAL DEVELOPMENT

During the past 12 months 202 police and 59 protective service officers completed recruit training and another 115 police recruits commenced training. Over 130 in-service training courses have been delivered to upskill staff in the investigation of serious, organised and complex crime in line with the strategic principle of Reinvigoration of Investigations.

A number of specialist training programs have also been delivered to enhance close personal protection, surveillance and intelligence capability. Command training was delivered regularly through Command, Control and Coordination workshops and Incident Command and Control System (ICCS) workshops. These workshops were in high demand across the organisation and were also delivered to a number of the AFP's law enforcement partners offshore. The ICCS has recently been amended to 'ICCS-Plus' and endorsed by the Australia New Zealand Policing Advisory Agency Board. It is now a nationally endorsed and nationally consistent system for responding to all types of police and emergency response incidents. In the 2011–12 financial year the Command, Control and Coordination Team delivered this training to 496 AFP employees and offshore to 74 members of the Samoan Police Service and the Royal Papua New Guinea Constabulary.

The Jakarta Centre for Law Enforcement Cooperation (JCLEC), situated in Semarang, Indonesia, is a training facility managed jointly by the AFP and the Indonesian National Police. The purpose of JCLEC is to consolidate and sustain the cooperative links between the AFP and Indonesian National Police. JCLEC offers operational support and capacity building assistance to Indonesian and other regional law enforcement agencies in the Association of South-East Asian Nations (ASEAN) region in dealing with all aspects of transnational crime, including terrorism.

During this financial year JCLEC trained 2377 participants in 86 programs in the areas of investigations, management, forensic services and intelligence. Of the participants 14 per cent were women and 16 per cent were international (non-Indonesian) participants drawn mostly from ASEAN countries. The total number of participants from July 2004 to 30 June 2012 is 11 938.

WORK HEALTH AND SAFETY

The AFP reviewed the *AFP national guideline for AFP health and safety management arrangements 2007–12* to incorporate the 2011 legislative changes and ensure the effectiveness of the established governance framework. Key areas of focus were:

- expanded duty of care obligations as introduced by the legislation
- adjustment of the established health and safety committee structure comprising the National Health and Safety Committee, the Operational Safety Committee and eight Regional Work Health and Safety Consultative Committees
- an upgrade of the AFP online workplace incident reporting system to incorporate the incident notification obligations introduced by section 38 of the *Work Health and Safety Act 2011*
- expert advice and assistance to members of the AFP to facilitate health and safety risk management
- 134 work health and safety training courses for staff across the organisation.

Other initiatives during 2011–12 include:

- a review of the iAspire online Work Health and Safety training course to align content with the introduction of Work Health and Safety legislation – a customer survey was developed to provide feedback for improvement
- enhancement and development of the online hazard and workplace incident reporting system to ensure accurate and efficient reporting with new legislative requirements
- continued participation in the Comcare audit project to assist in the implementation of section 41 of the *Safety, Rehabilitation and Compensation Act 1988*
- a review and update of the *AFP national guideline on occupational rehabilitation and return to work*.

Legislative reporting requirements

Between July and December 2011 the AFP notified Comcare of 38 incidents under section 68 of the *Occupational Health and Safety Act 1991*. From January to June 2012 the AFP notified Comcare of 19 incidents under section 38 of the *Work Health and Safety Act 2011*.

There were no formal investigations by Comcare during 2011–12.

No notices were issued pursuant to sections 46 and 47 of the *Occupational Health and Safety Act 1991* or Part 10 of the *Work Health and Safety Act 2011*.

Policy and Governance

Policy and Governance maintained the AFP's engagement in whole-of-government decision making processes around a range of strategic issues and events including:

- coordination of the AFP's contribution to the Cyber White Paper
- coordination of the AFP's contribution to Australia in the Asian Century White Paper.

Policy and Governance also worked on internal strategy including:

- development of the AFP Strategic Plan 2012–15
- review of the International Engagement Strategy, support to the AFP International Policy Coordination Group and the AFP's wider engagement with international law enforcement partners and Australian agencies.

BUSINESS ANALYSIS

The Internal Audit and Business Analysis section, working in conjunction with business areas, delivered the following key activities and outcomes in 2011–12:

- development of the AFP Fraud Control and Anti-Corruption Plan 2012–13
- development of the new Strategic Risk Profile to improve the management of organisational risk and better inform strategic decision making
- preparation of the AFP's responses to the annual Comcover Risk Management Benchmarking Survey and the Australian Institute of Criminology Survey
- facilitation of the six-monthly exercises to review and update the AFP's Business Continuity Plans.

GOVERNMENT LIAISON

The Ministerial team is the primary point of contact between the AFP and the Minister for Home Affairs and Justice. Table 8 shows the parliamentary documents processed by the team in 2011–12.

TABLE 8: MINISTERIAL WORK PROGRESSED, 2011–12

WORK PROGRESSED	QUANTITY
Ministerial briefings, including possible parliamentary questions, question time briefs and Minister's Office briefs	441
Items of ministerial correspondence	410
Questions on notice (e.g. from ministers)	29
Senate Estimates – answers to questions on notice	136
Parliamentary Joint Committee questions on notice	28

The most significant legislative amendments progressed by the section in cooperation with Commonwealth departments were contained in the:

- *Crimes Legislation Amendment Act (No. 2) 2011*
- *Crimes Legislation Amendment (Powers and Offences) Act 2012*
- Crimes Legislation Amendment (Slavery, Slavery-like Conditions and People Trafficking) Bill 2012
- Cybercrime Legislation Amendment Bill 2011
- *Extradition and Mutual Assistance in Criminal Matters Legislation Amendment Act 2012*
- Maritime Powers Bill 2012 and Maritime Powers Consequential Amendments Bill 2012
- *Nuclear Terrorism Legislation Amendment Act 2012*
- Privacy Amendment (Enhancing Privacy Protection) Bill 2012
- Social Security Amendment (Supporting Australian Victims of Terrorism Overseas) Bill 2011
- *Work Health and Safety Act 2011.*

During 2011–12 the AFP appeared 28 times before parliamentary committees. Examples include appearing before the:

- Parliamentary Joint Committee for Law Enforcement in relation to its inquiries into Commonwealth unexplained wealth legislation, the Australian National Audit Office audit of AFP new policy initiatives and the AFP's 2010–11 annual report
- Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity inquiries into integrity testing and the integrity of overseas law enforcement operations
- Parliamentary Joint Committee on Corporations and Financial Services Inquiry into the collapse of Trio Capita and other related matters
- Senate Standing Committee on Legal and Constitutional Affairs Inquiry into Crimes Amendment (Fairness for Minors) Bill
- Joint Standing Committee on Foreign Affairs Defence and Trade Inquiry into Australia's overseas representation

- House Standing Committee on Social Policy and Legal Affairs Inquiry into the Crimes Legislation Amendment (Powers and Offences) Bill
- Senate Standing Committee on Environment and Communications Inquiry into the capacity of communication networks and emergency warning systems to deal with emergencies and natural disasters
- Senate Standing Committee on Foreign Affairs, Defence and Trade Inquiry into the effectiveness of the Australian Government's response to Australian citizens who are kidnapped and held for ransom overseas
- Parliamentary Joint Select Committee on Cybersafety Inquiry into the Cybercrime Legislation Amendment Bill 2011
- Senate Standing Committee on Legal and Constitutional Affairs Inquiry into International child abduction to and from Australia
- Joint Select Committee on Gambling Reform Inquiry into interactive and online gambling and gambling advertising
- Joint Select Committee on Australia's Immigration Detention Network Comprehensive Inquiry into Australia's immigration detention network.

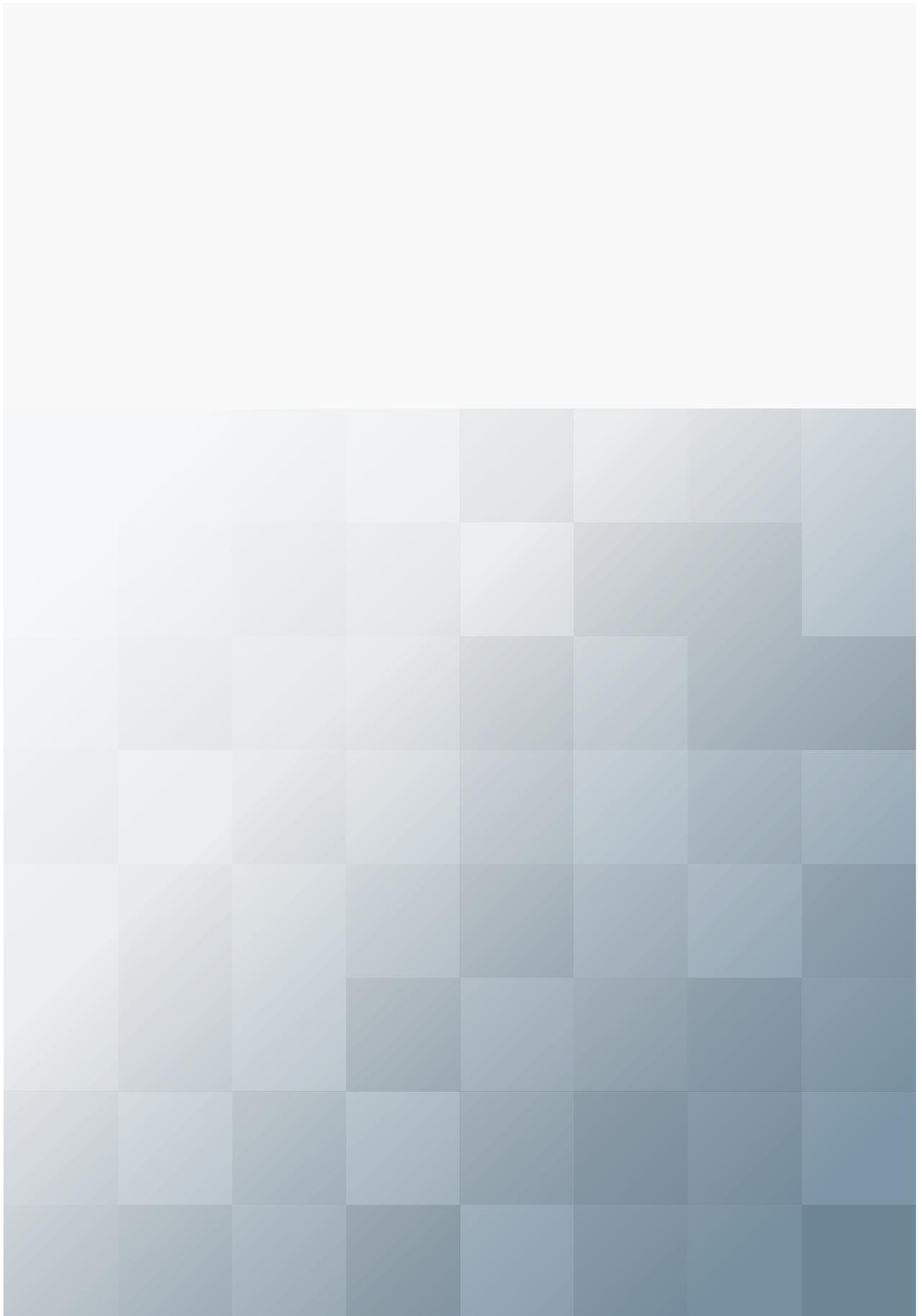
In 2012 the Legislation Program also supported the AFP's engagement with the Independent National Security Legislation Monitor.

FREEDOM OF INFORMATION

The Information Access team coordinated the AFP's compliance with the *Freedom of Information Amendment (Reform) Act 2010* through:

- implementing a revised AFP national guideline and new practical guide on freedom of information (FOI)
- continuing to refine the processes for handling FOI requests, including the development through Spectrum of a new case management tool in the next two to three years
- establishing a working group sponsored by the Strategic Leaders' Group to implement the AFP's Information Publication Scheme Plan.

Agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements. The AFP's IPS page can be viewed at <http://www.afp.gov.au/about-the-afp/information-publication-scheme.aspx>.





Key Committees Framework

The AFP Key Committees Framework sets out the agency's key decision making forums and outlines their primary and specific responsibilities, membership, meeting frequency and accountabilities.

STRATEGIC COMMITTEES

The strategic committees address issues that correspond to the specific responsibilities of the AFP's senior management committee, the Strategic Leaders' Group, and are expected to provide regular and strategic information to the Strategic Leaders' Group.

The committees are:

- Finance Committee and its subcommittee, the Performance and Budget Monitoring Committee
- Human Resource Strategic Committee
- Audit Committee
- Security Committee
- Remuneration Committee
- Strategic Investment Committee
- International Policy Coordination Group
- Research Committee
- Board of Studies.

OPERATIONAL COMMITTEES

The operational committees were established by the Strategic Leaders' Group to facilitate senior managers' operational awareness and prioritisation across the organisation as a whole without an emphasis on the priorities of any one function. The committees are:

- Witness Protection Committee
- AFP Operations Committee
- National Work Health and Safety Committee
- Operations Safety Committee.

ADMINISTRATIVE COMMITTEES

The following committees provide advice on key administrative matters:

- National Awards and Recognition Committee
- National Uniform Committee.

Discretionary grants

The AFP administered no discretionary grant programs in 2011–12.

Risk management and insurance

The AFP embraces risk management as an integral part of its business. The risk management framework is aligned with the International Standard AS/NZS ISO 31000:2009 and the Comcover *Better practice guide – risk management*. Risk management is embedded in AFP business planning, operations, procurement and contract management, and project management practices. The AFP also focuses on specific areas of risk including work health and safety, fraud control and financial and commercial practices.

A major undertaking this year was the development of a new Strategic Risk Profile of the AFP's enterprise-level risks. The Strategic Risk Profile is more contemporary and based on best practice to better inform strategic decision making in relation to planning, resource allocation and investment priorities, business plans, research and capability development. It has also informed development of the new AFP Strategic Plan and Strategic Audit Plan 2012–15.

The AFP has business continuity plans in place for each of its key sites across Australia, and testing for these sites occurs every six months with a focus on three key scenarios: loss of infrastructure, loss of information and communications technology and loss of people.

Disaster recovery plans are also in place for the crucial information and communications technology services that support AFP operations and, in the event of an influenza pandemic, business continuity is planned for and managed in a whole-of-government context in line with the requirements of the Department of the Prime Minister and Cabinet.

An internal audit of the AFP's business continuity management was undertaken in the second half of the year. The audit will be completed in early 2012–13 and the findings will guide further improvement to business continuity management.

The AFP again participated in the annual Comcover Risk Management Benchmarking Survey and improved its overall score, achieving 7.4 out of 10, up from 6.5 last year. The survey encourages agencies to adopt a best practice approach to managing risk. Survey participation and improved results contributed to the AFP receiving a 4.75 per cent discount on its 2012–13 Comcover insurance premium.

Comcover insurance is also key to the AFP's risk mitigation strategies for managing financial risk. It provides the AFP with a range of insurance services for:

- general liability and professional indemnity, property loss and business continuity
- motor vehicles in Australia and overseas
- short-term overseas travel cover that encompasses both medical emergencies and personal effects
- expatriate cover for AFP members on longer-term overseas deployments.

Fraud Control and Anti-corruption Plan

The AFP is committed to managing fraud and corruption risks as part of its everyday business and promotes a culture of ethical conduct and behaviour.

In accordance with the *Commonwealth fraud control guidelines 2011*, the new AFP Fraud Control and Anti-corruption Plan 2012–13 was developed and endorsed and is being implemented. The plan covers the period 1 January 2012 to 31 December 2013. It is based on a whole-of-AFP fraud and corruption risk assessment.

A new AFP Fraud Control and Anti-corruption Policy Statement has also been developed that summarises the AFP's overall approach and policy with respect to internal and external fraud and anti-corruption control.

Fraud and corruption risks are reviewed regularly and progress on the implementation of the Fraud Control and Anti-corruption Plan is reported annually to the Minister and six-monthly to the Strategic Leaders' Group and the AFP Audit Committee as part of these committees' respective oversight and assurance roles.

The Fraud Control and Anti-corruption Plan and Policy Statement applies to all appointees, contractors and service providers and is consistent with the AFP's professional standards framework.

Internal audit

Delivery of the AFP executive-endorsed annual Internal Audit Program was through a mix of in-house and outsourced resources. In 2011–12 the AFP Audit Committee considered 14 internal audit reports and met six times. The annual Internal Audit Program was informed by the risk assessments which identified the AFP's most significant potential vulnerabilities. The implementation of internal audit and relevant Australian National Audit Office recommendations was allocated to AFP business units by the Audit Committee and subsequently monitored through regular implementation reporting to the Audit Committee.

External scrutiny

JUDICIAL DECISIONS AND DECISIONS OF ADMINISTRATIVE TRIBUNALS

During 2011–12 there were no judicial decisions or decisions of administrative tribunals that have had, or may have, a significant impact on the operations of the AFP.

COMMONWEALTH AND LAW ENFORCEMENT OMBUDSMAN REPORTS

Reviews of AFP complaint management

Division 7, Part V of the *Australian Federal Police Act 1979* requires the Commonwealth Ombudsman to conduct at least one annual review of the AFP's administration of Part V of the *Australian Federal Police Act 1979* and report annually to parliament on the Ombudsman's work and activities under that Part.

In November 2011 the Commonwealth Ombudsman tabled her report to parliament covering her work and activities under Part V of the *Australian Federal Police Act 1979* during the period 2011–12. It was noted in the last report a significant step forward had been the agreement by the Commissioner to provide the Ombudsman's office with a secure link to enable access to the AFP computer network for authorised Ombudsman personnel. In February 2012 this was installed in the Ombudsman's office to allow access to the CRAMS (Complaint Recording and Management System) and Professional Standards site in PROMIS, the primary corporate system for recording investigations and operational information.

During 2011–12 the Commonwealth Ombudsman conducted her eighth review of Part V of the *Australian Federal Police Act 1979*. The review was conducted in two parts, covering two different time periods. Part 1 covered complaints closed during the period 1 September 2010 to 31 August 2011. Part 2 covered complaints closed during the period 1 September 2011 to 31 December 2011. The review was conducted in two parts to allow examination of whether changes made to Professional Standards processes had improved complaint handling. The draft report had not been received by the end of this financial year.

Complaint management

The AFP has committed to ensuring complaints are resolved in a timely manner; however, the strategies put in place to deal with the backlog of complaint matters will take time to have their full effect. This is due to the number and age of matters involved. Data provided to the Ombudsman's office up to December 2011 notes a reduction in the number of complaints open for more than 12 months from 356 (for the whole of the AFP) as at August 2011 to 314 as at 31 December 2011. On 30 June 2012 there was a further substantial reduction to 152 complaints open in excess of 12 months. While it is accepted that more work is needed, these latest figures show clear evidence that strategies are taking effect.

The AFP has reduced the backlog in complaint investigations, with the number of outstanding category 3 complaints reported for 2010–11 of 633 being reduced to 258 in 2011–12. This was attributable to an increase in the rate of finalised category 3 investigations from 151 in 2010–11 to 582 in 2011–12. The rate of complaints received by the organisation was maintained, with 223 category 3 complaints received (compared with 212 in the previous reporting period). The number of complaints received for category 1 and category 2 in 2011–12 was 390 compared with 679 in 2010–11¹. This decrease was mostly due to a targeted project in the 2010–11 reporting period related to inconsistencies in time recording which resulted in a large number of category 2 complaints needing to be lodged. See Appendix A for further statistics on complaints received.

The AFP cannot accurately measure improved timeliness in terms of average run times as some category 3 complaints submitted in 2011–12 are not yet finalised. However, for those complaints that were completed by the end of the 2011–12 financial year the average run time is 99 days. At the end of the 2011–12 financial year, the average run time for finalised complaints submitted in the 2009–10 financial year was 427 days and in 2010–11 it was 310 days.

The average number of days open for all category 3 complaints submitted in 2011–12, including those still in progress, is 138 days.

The comparison between internal and external complaints continues to be examined with a focus on understanding the implications of established internal complaints compared with established external complaints and the reasons for any change in trends over recent reporting periods.

¹ These figures vary slightly from those in the 2010–11 annual report because the complaints database is live and complaints newly made or still under investigation on 30 June 2011 have since been re-categorised.

Review of Categories of Conduct Determination 2006

Under section 40RM of the *Australian Federal Police Act 1979*, the AFP Commissioner and Commonwealth Ombudsman may jointly determine categories of conduct for the purposes of this Act. The AFP Commissioner and Commonwealth Ombudsman signed a joint determination of the categories of conduct on 13 December 2006.

During 2011–12 the Commonwealth Ombudsman's office and the AFP have reviewed the Categories of Conduct Determination 2006. Both agencies have been working on this document for some time and the revised instrument will be considered by the Commissioner and the Commonwealth Ombudsman in the coming period.

Section 8 investigations

During 2011–12 the Commonwealth Ombudsman issued AFP Professional Standards with 33 notices under section 8 of the *Ombudsman Act 1976* advising of her intention to begin an investigation or requesting information or additional information from the AFP.

Administrative deficiencies

Section 15 of the *Ombudsman Act 1976* lists the grounds on which the Commonwealth Ombudsman can formally make a report to an agency and ultimately to the Prime Minister and parliament. Most complaints to the Commonwealth Ombudsman are resolved informally; however, the Commonwealth Ombudsman may record an administrative deficiency in some instances. The purpose of recording an administrative deficiency is not to reprimand the agency but to draw attention to possible issues that warrant further consideration and improvement.

During 2011–12 the Commonwealth Ombudsman recorded three administrative deficiencies against the AFP. The AFP disagreed with one of these, and the others related to unnecessary delay and conflicts of interest.

After this issue was brought to the AFP's attention by the Commonwealth Ombudsman, the issue of conflicts of interest in category 1 and 2 matters was discussed at length during a Complaints Management Team forum held in July 2011. The outcome of this discussion included, in consultation with the Ombudsman's office, the development of a guide to assist Complaints Management Teams and potential investigating officers to identify and, where appropriate, manage potential conflicts of interest. This guide was forwarded to all Complaints Management Teams on 3 August 2011 and reinforced through further correspondence to all Complaints Management Teams on 26 September 2011.

STRENGTHENING PROFESSIONAL STANDARDS

The Professional Standards Team has achieved a balanced focus on the AFP Integrity Framework's four tiers of prevention, detection, response and continuous improvement. Very strong relationships both within the organisation, across all functions and decision making forums and with external stakeholders have significantly enhanced this year's outcomes.

The AFP hosted the fourth Inter-agency Integrity Program in February 2012, which involved participants from the Australian Commission for Law Enforcement Integrity (ACLEI), the Ombudsman's Office and two Pacific Islands policing representatives. Representatives from state/territory police services, state oversight agencies, Commonwealth law enforcement agencies and the Department of Defence all completed the program. The program's curriculum is accredited with both Charles Sturt and Monash universities.

The AFP contributed to the Parliamentary Joint Committee on ACLEI Inquiry into Integrity Testing, which was completed on 21 November 2011. The AFP provided a submission to the inquiry and provided evidence to both a public hearing and an in camera hearing. The AFP continues to engage with the Attorney-General's Department to develop a legislative framework to support an appropriate integrity testing model which suits the AFP's context and supports the Minister's

commitment to improving Commonwealth law enforcement integrity. Emerging issues such as this are supported by information sharing and benchmarking with other agencies through the Australia New Zealand Policing Advisory Agency and other forums.

During the year, awareness raising programs on ethical decision making and risk management were workshopped with a range of appointees including recruits and team leaders. This was balanced with pursuit of other awareness raising opportunities including insertion of professional standards messages into computer screens, hub case studies and production of printed literature including a quick reference Z-card product highlighting important integrity reporting obligations and contacts.

Two new national policies were developed and approved during the reporting period. The first provides guidance to AFP appointees on the emerging and significant challenges associated with appropriate use of social networking in both a personal and work context. This has been shared with a number of external agencies at both the Commonwealth and state/territory level and is a significant positive step on this complex issue. The second policy reiterates the AFP position on zero tolerance of any AFP appointee who uses illicit drugs and/or is involved in the illegal drug trade on or off duty. The policy also states appointees must not be under the effects of alcohol while on duty and must exercise personal responsibility in the appropriate use of any pharmaceutical products.

A working group was convened in order to review the Commissioner's Order on Operational Safety after a series of use of force incidents. This working group consisted of members of Professional Standards, Learning and Development, and operational and governance areas. The Commissioner's Order was reviewed with the following outcomes:

- clear operational safety policy (incorporating use of force)
- clarified reporting obligations
- use of force reports vetted and cleared by a supervisor who also has responsibility in determining practice or conduct issues
- consistency with work health and safety reporting requirements

- the inclusion of Commonwealth Ombudsman recommendations addressing specialist teams, specialist training and weapons and public order management.

Utilising the lessons learned in other police jurisdictions, the AFP has specific governance on how it professionally manages cases of death and serious injury associated with police contact. This includes clear policies on managing and overseeing investigations arising from such events. The Commissioner's Order on Professional Standards has been revised to ensure improved coverage of oversight during critical incidents and streamlined complaint handling processes. Professional Standards has worked with all functions to ensure reflection of professional standards in a range of governance including external agreements with other jurisdictions on issues such as organised crime and airport policing.

The AFP undertook a detailed assessment of the Drug Testing Program based on information held since its inception in 1997 – the first strategic assessment of the program. The Commissioner restated his position on a proactive and rigorous random drug testing program of all appointees, supplemented appropriately with targeted testing of high-risk areas or in response to intelligence.

Professional Standards has been actively involved in refining the assessment of the character suitability of applicants for employment with the AFP, ensuring assessment is carried out in a consistent, fair and transparent manner. This contributes to meeting community expectations that all AFP appointees embody the highest level of integrity. The guidelines seek to define minimum AFP character standards for prospective applicants across all AFP roles and responsibilities.

AUDITOR-GENERAL REPORTS

During the reporting period the Australian National Audit Office (ANAO) audited the:

- AFP's financial statements
- performance measures related to the AFP's community policing contract with the ACT Government.

In 2011–12 the AFP was the primary subject of one ANAO report tabled in parliament by the Auditor-General. This was:

- No. 30 – Fighting Terrorism at its Source.

The AFP was also an active participant in cross-agency audit reports that were tabled:

- No. 1 – The Australian Defence Force’s Mechanisms for Learning from Operational Activities
- No. 17 – Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2011
- No. 22 – Administration of the Gateway Process
- No. 25 – Administration of Project Wickenby
- No. 33 – Management of ePassports
- No. 50 – Processing and Risk Assessing of Incoming International Air Passengers.

At 30 June 2012 the ANAO was undertaking an AFP-specific audit of the arrangement for the provision of policing services to the Australian Capital Territory. The report is expected to be tabled in Parliament in 2012–13.

Audit report No. 30

The ANAO undertook a performance audit of the AFP’s administration of the Fighting Terrorism at its Source new policy initiative, tabling its report in parliament on 19 April 2012.

The ANAO assessed that the AFP’s administration of the initiative has been generally effective, aligns with whole-of-government priorities and programs and is supported through well-developed relationships with domestic and international stakeholders.

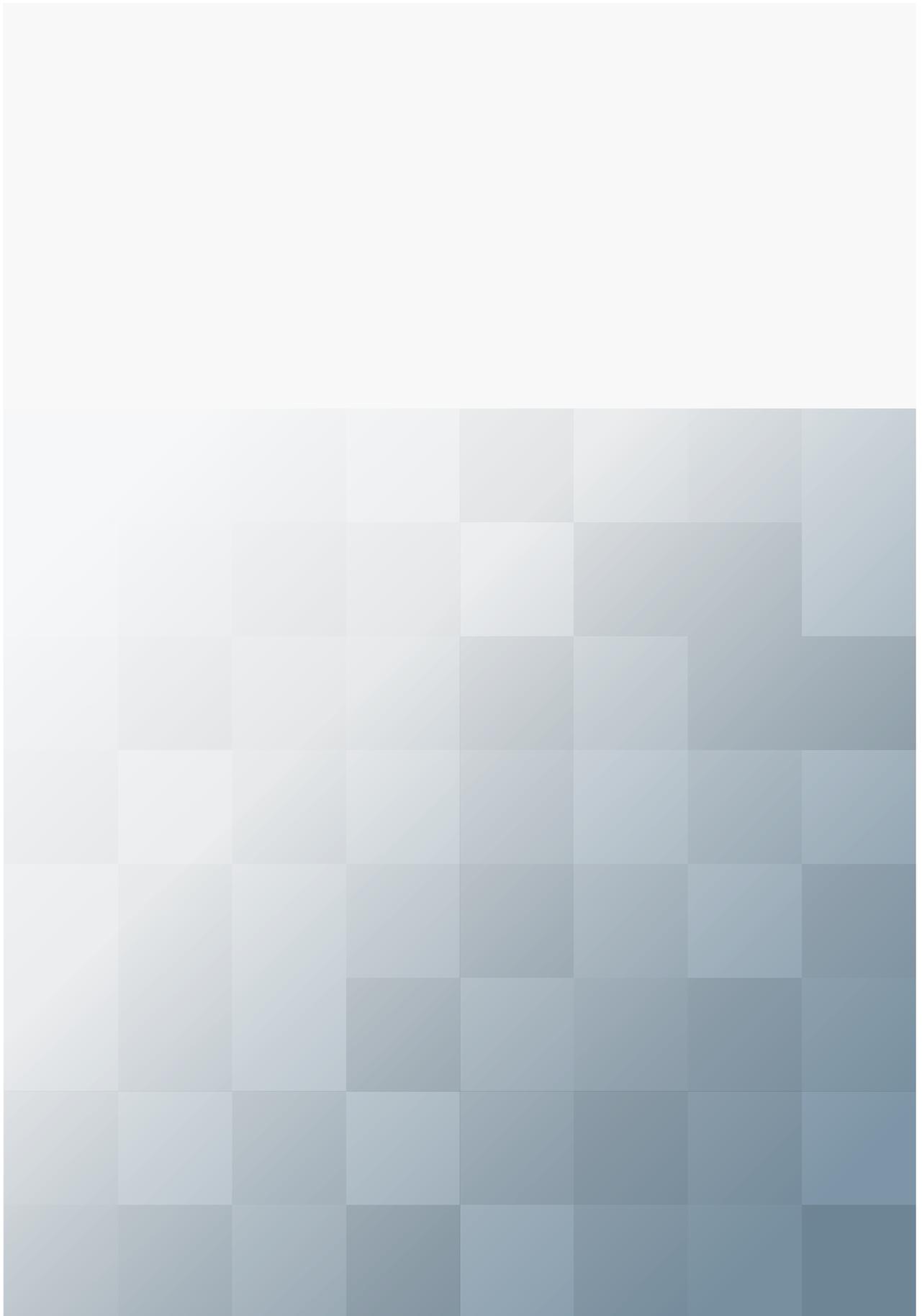
The ANAO made four recommendations focused on improving the strategic management of the initiative. The AFP acknowledges that a more strategic management approach will sustain and grow the valuable work already achieved through the initiative and is implementing each of the recommendations.

Ecological sustainability development and environmental performance

A range of enhanced ecologically sustainable development targets were implemented for infrastructure projects including the National Australian Built Environment Rating System and the principles of the Green Star Rating Scheme to promote the use of environmentally efficient design, sustainable materials and recyclable products.

Other initiatives were:

- waste management systems that include segregation of waste into recyclable, organic and waste-to-landfill materials
- energy-efficient lighting and lighting control systems
- water conservation technology and harvesting rainwater
- replacement of 500 physical servers with virtualisation technology, reducing power usage and physical footprint and delivering efficiencies in support and maintenance activities.







INDEPENDENT AUDITOR'S REPORT

To the Minister for Home Affairs

I have audited the accompanying financial statements of the Australian Federal Police for the year ended 30 June 2012, which comprise: a Statement by the Commissioner and Chief Financial Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Administered Schedule of Comprehensive Income; Administered Schedule of Assets and Liabilities; Administered Reconciliation Schedule; Administered Cash Flow Statement; Schedule of Administered Commitments and Notes to and forming part of the financial statements comprising a Summary of Significant Accounting Policies and other explanatory information.

Commissioner's Responsibility for the Financial Statements

The Australian Federal Police's Commissioner is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Australian Federal Police's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Australian Federal Police's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Australian Federal Police's Commissioner, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

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*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Australian Federal Police's financial position as at 30 June 2012 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office



Kristian Gage
Audit Principal

Delegate of the Auditor-General

Canberra
10 September 2012

Australian Federal Police

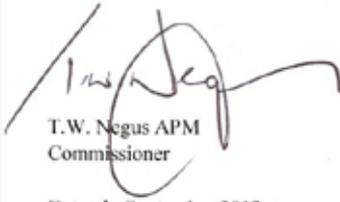
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AUSTRALIAN FEDERAL POLICE
STATEMENT BY THE COMMISSIONER AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2012 are based on properly maintained financial records 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.



T.W. Negus APM
Commissioner

Date: 10 September 2012



P. Gunning
Chief Financial Officer

Date: 10 September 2012

AUSTRALIAN FEDERAL POLICE
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
EXPENSES			
Employee benefits	3A	874,376	857,536
Supplier	3B	439,124	445,974
Depreciation and amortisation	3C	90,942	82,846
Finance costs	3D	373	375
Write-down and impairment of assets	3E	5,502	604
Other expenses	3F	127	-
Total expenses		<u>1,410,444</u>	<u>1,387,335</u>
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	277,555	267,739
Rental income	4B	2,072	2,060
Other revenue	4C	1,264	1,025
Total own-source revenue		<u>280,891</u>	<u>270,824</u>
Gains			
Sale of assets	4D	338	165
Resources received free of charge	4E	5,640	5,810
Total gains		<u>5,978</u>	<u>5,975</u>
Total own-source income		<u>286,869</u>	<u>276,799</u>
Net cost of services		<u>(1,123,575)</u>	<u>(1,110,536)</u>
Revenue from Government	4F	1,002,119	1,017,804
Deficit attributable to the Australian Government		<u>(121,456)</u>	<u>(92,732)</u>
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation reserves surplus		5,716	2,403
Total other comprehensive income		<u>5,716</u>	<u>2,403</u>
Total comprehensive loss attributable to the Australian Government	27	<u>(115,740)</u>	<u>(90,329)</u>

The above statement should be read in conjunction with the accompanying notes.

**AUSTRALIAN FEDERAL POLICE
BALANCE SHEET**
as at 30 June 2012

	Notes	2012 \$'000	2011 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	10,167	18,714
Trade and other receivables	5B	445,676	442,714
Other financial assets	5C	8,393	10,461
Total financial assets		464,236	471,889
Non-Financial Assets			
Land and buildings	6A,C	254,483	232,658
Property, plant and equipment	6B,C	141,455	149,014
Intangibles	6D,E	48,330	48,826
Inventories	6F	7,505	8,747
Other non-financial assets	6G	12,717	11,494
Total non-financial assets		464,490	450,739
Total assets		928,726	922,628
LIABILITIES			
Payables			
Suppliers	7A	92,563	72,122
Other payables	7B	39,373	37,414
Total payables		131,936	109,536
Provisions			
Employee provisions	8A	266,036	228,384
Other provisions	8B	14,970	8,458
Total provisions		281,006	236,842
Total liabilities		412,942	346,378
Net assets		515,784	576,250
EQUITY			
Contributed equity		705,708	650,434
Reserves		40,587	34,871
Accumulated deficit		(230,511)	(109,055)
Total equity		515,784	576,250

The above statement should be read in conjunction with the accompanying notes.

AUSTRALIAN FEDERAL POLICE
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2012

	Retained earnings		Asset revaluation reserve		Contributed equity/capital		Total equity	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance								
Balance carried forward from previous period	(109,055)	(16,323)	34,871	32,468	650,434	583,122	576,250	599,267
Adjusted opening balance	(109,055)	(16,323)	34,871	32,468	650,434	583,122	576,250	599,267
Comprehensive income								
Other comprehensive income	-	-	5,716	2,403	-	-	5,716	2,403
Deficit for the period	(121,456)	(92,732)	-	-	-	-	(121,456)	(92,732)
Total comprehensive income	(121,456)	(92,732)	5,716	2,403	-	-	(115,740)	(90,329)
Transactions with owners								
Distributions to owners								
Return of capital:								
Returns of contributed equity ¹	-	-	-	-	(6,563)	-	(6,563)	-
Contributions by owners								
Equity injection - Appropriations	-	-	-	-	8,139	16,161	8,139	16,161
Departmental capital budget	-	-	-	-	53,698	51,151	53,698	51,151
Sub-total transactions with owners	-	-	-	-	55,274	67,312	55,274	67,312
Closing balance attributable to the Australian Government	(230,511)	(109,055)	40,587	34,871	705,708	650,434	515,784	576,250

¹ Equity appropriations were reduced during 2011-12 under Determination to Reduce Appropriation (No. 1 of 2011-12) by \$6.563m for Appropriation Act (No. 2) 2007-08.

The above statement should be read in conjunction with the accompanying notes.

**AUSTRALIAN FEDERAL POLICE
CASH FLOW STATEMENT**
for the year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		1,251,538	1,326,556
Sales of goods and rendering of services		306,341	258,220
Net GST received		<u>31,985</u>	<u>37,014</u>
Total cash received		<u>1,589,864</u>	<u>1,621,790</u>
Cash used			
Employees		836,403	832,367
Suppliers		458,065	524,933
Section 31 receipts transferred to OPA		<u>307,468</u>	<u>254,418</u>
Total cash used		<u>1,601,936</u>	<u>1,611,718</u>
Net cash from (used by) operating activities	9	<u>(12,072)</u>	<u>10,072</u>
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		<u>426</u>	<u>174</u>
Total cash received		<u>426</u>	<u>174</u>
Cash used			
Purchase of property, plant and equipment		49,147	43,992
Purchase of land and buildings		32,028	67,612
Purchase of intangibles		<u>16,229</u>	<u>21,097</u>
Total cash used		<u>97,404</u>	<u>132,701</u>
Net cash used by investing activities		<u>(96,978)</u>	<u>(132,527)</u>
FINANCING ACTIVITIES			
Cash received			
Contributed equity		50,266	70,827
Departmental capital budget funding		<u>50,237</u>	<u>51,151</u>
Total cash received		<u>100,503</u>	<u>121,978</u>
Net cash from financing activities		<u>100,503</u>	<u>121,978</u>
Net decrease in cash held		<u>(8,547)</u>	<u>(477)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>18,714</u>	<u>19,191</u>
Cash and cash equivalents at the end of the reporting period	5A	<u>10,167</u>	<u>18,714</u>

The above statement should be read in conjunction with the accompanying notes.

**AUSTRALIAN FEDERAL POLICE
SCHEDULE OF COMMITMENTS**
as at 30 June 2012

	2012	2011
	\$'000	\$'000
BY TYPE		
Commitments receivable		
Sublease rental income ¹	(13,994)	(3,891)
Net GST recoverable on commitments	(69,075)	(53,161)
Total commitments receivable	<u>(83,069)</u>	<u>(57,052)</u>
Commitments payable		
Capital commitments²		
Land and buildings	6,024	7,940
Property, plant and equipment	2,550	699
Intangibles	669	-
Total capital commitments	<u>9,243</u>	<u>8,639</u>
Other commitments		
Operating leases ³	733,117	550,936
Other ⁴	57,975	99,517
Total other commitments	<u>791,092</u>	<u>650,453</u>
Net commitments by type	<u>717,266</u>	<u>602,040</u>
BY MATURITY		
Commitments receivable		
Operating lease income		
One year or less	(971)	(923)
From one to five years	(4,118)	(2,968)
Over five years	(8,905)	-
Total operating lease income	<u>(13,994)</u>	<u>(3,891)</u>
Other commitments receivable		
One year or less	(10,757)	(9,613)
From one to five years	(24,578)	(18,816)
Over five years	(33,740)	(24,732)
Total other commitments receivable	<u>(69,075)</u>	<u>(53,161)</u>
Commitments payable		
Capital commitments		
One year or less	8,845	8,128
From one to five years	398	511
Total capital commitments	<u>9,243</u>	<u>8,639</u>
Operating lease commitments		
One year or less	84,564	80,075
From one to five years	267,248	197,429
Over five years	381,305	273,432
Total operating lease commitments	<u>733,117</u>	<u>550,936</u>
Other Commitments		
One year or less	44,960	66,876
From one to five years	12,975	32,641
Over five years	40	-
Total other commitments	<u>57,975</u>	<u>99,517</u>
Net commitments by maturity	<u>717,266</u>	<u>602,040</u>

Note: Commitments are GST inclusive where relevant.

AUSTRALIAN FEDERAL POLICE
SCHEDULE OF COMMITMENTS (continued)

as at 30 June 2012

Nature of Commitments Receivable	General description of commitment
¹ Sub lease rental income	AFP leases office accommodation (as the lessor). Lease revenues increase annually in accordance with the relevant lease agreement which is either fixed rate or CPI. AFP can renew agreements upon negotiation.

Nature of Capital Commitments	General description of commitment
² Capital commitments	Capital commitments consists of purchases of equipment, leasehold fit out and buildings currently under construction or where a valid contract has been signed.

Nature of Other Commitments	General description of commitment
³ Operating lease commitments	Property lease payments increase annually in accordance with the relevant lease agreement which is either fixed rate or CPI. The majority of AFP's lease commitments are in their initial term. AFP can renew agreements at their option. Includes non-cancellable leases for motor vehicles.
⁴ Other commitments	Contracts for the purchase of a variety of goods and services including logistics support for overseas deployments and non-cancellable contracts for computer and other equipment. No contingent rentals exist.

This schedule should be read in conjunction with the accompanying notes.

**AUSTRALIAN FEDERAL POLICE
SCHEDULE OF CONTINGENCIES**

as at 30 June 2012

	2012	2011
	\$'000	\$'000
Contingent assets		
Claims for damages or costs	<u>79</u>	<u>1,251</u>
Total contingent assets	<u>79</u>	<u>1,251</u>
Contingent liabilities		
Claims for damages or costs	<u>470</u>	<u>6,187</u>
Total contingent liabilities	<u>470</u>	<u>6,187</u>
Net contingent liabilities	<u>(391)</u>	<u>(4,936)</u>

Details of each class of contingent liabilities and contingent assets listed above are disclosed in Note 10, along with information on significant remote contingencies and contingencies that cannot be quantified.

The above schedule should be read in conjunction with the accompanying notes.

AUSTRALIAN FEDERAL POLICE**Administered Schedule of Comprehensive Income***for the year ended 30 June 2012*

	Notes	2012 \$'000	2011 \$'000
EXPENSES			
Suppliers	15A	43,964	38,121
Write-down and impairment of assets	15B	172	-
Total expenses administered on behalf of Government		44,136	38,121
LESS:			
OWN-SOURCE INCOME			
Non-taxation revenue			
Fees and fines	16A	198	-
Total own-source income administered on behalf of Government		198	-
Net cost of services		43,938	38,121
Total comprehensive loss		(43,938)	(38,121)

The above schedule should be read in conjunction with the accompanying notes.

AUSTRALIAN FEDERAL POLICE**Administered Schedule of Assets and Liabilities***as at 30 June 2012*

	Notes	2012 \$'000	2011 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	17A	341	1,108
Trade and other receivables	17B	79	72
Total financial assets		<u>420</u>	<u>1,180</u>
Non-financial assets			
Other non-financial assets	18A	-	12
Total non-financial assets		<u>-</u>	<u>12</u>
Total assets administered on behalf of Government		<u>420</u>	<u>1,192</u>
LIABILITIES			
Payables			
Suppliers	19A	1,180	3,920
Total payables		<u>1,180</u>	<u>3,920</u>
Total liabilities administered on behalf of Government		<u>1,180</u>	<u>3,920</u>
Net liabilities		<u>(760)</u>	<u>(2,728)</u>

The above schedule should be read in conjunction with the accompanying notes.

**AUSTRALIAN FEDERAL POLICE
Administered Reconciliation Schedule**
for the year ended 30 June 2012

	2012	2011
	\$'000	\$'000
Opening net administered liabilities as at 1 July	(2,728)	(1,888)
Surplus (deficit) items:		
Plus: Administered income	198	-
Less: Administered expenses (non CAC)	(44,136)	(38,121)
Administered transfers to/from Australian Government:		
Appropriation transfers from OPA:		
Annual appropriations for administered expenses (non CAC)	48,114	37,583
Transfers to OPA	(2,283)	(302)
Transfer of net assets from Commonwealth Director of Public Prosecution	75	-
Closing net administered liabilities as at 30 June	(760)	(2,728)

AUSTRALIAN FEDERAL POLICE
Administered Cash Flow Statement
for the year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
OPERATING ACTIVITIES			
Cash received			
Net GST received		789	302
Other		31	-
Total cash received		<u>820</u>	<u>302</u>
Cash used			
Suppliers		47,418	36,481
Total cash used		<u>47,418</u>	<u>36,481</u>
Net cash flows used by operating activities		<u>(46,598)</u>	<u>(36,179)</u>
Net decrease in Cash Held		<u>(46,598)</u>	<u>(36,179)</u>
Cash and cash equivalents at the beginning of the reporting period		1,108	6
Cash from Official Public Account for:			
- Appropriations		48,114	37,583
		<u>48,114</u>	<u>37,583</u>
Cash to Official Public Account for:			
- GST		(789)	(302)
- Appropriations		(1,494)	-
		<u>(2,283)</u>	<u>(302)</u>
Cash and cash equivalents at the end of the reporting period	17A	<u>341</u>	<u>1,108</u>

The above schedule should be read in conjunction with the accompanying notes.

AUSTRALIAN FEDERAL POLICE
Schedule of Administered Commitments
as at 30 June 2012

	2012 \$'000	2011 \$'000
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments	(96)	(464)
Total commitments receivable	(96)	(464)
Commitments payable		
Other commitments		
Other commitments	1,369	5,761
Total other commitments	1,369	5,761
Net commitments by type	1,273	5,297
BY MATURITY		
Commitments receivable		
Other commitments receivable		
One year or less	(96)	(373)
From one to five years	-	(91)
Over five years	-	-
Total commitments receivable	(96)	(464)
Commitments payable		
Other commitments		
One year or less	1,369	4,761
From one to five years	-	1,000
Over five years	-	-
Total commitments payable	1,369	5,761
Net commitments by maturity	1,273	5,297

Note: Commitments are GST inclusive where relevant.

The nature of key other commitments are AFP contributions to Save the Children Australia, for children and youth in conflict with the law and services and equipment to support the Royal Solomon Islands Police Forces (RSIPF).

The above schedule should be read in conjunction with the accompanying notes.

Notes to and forming part of the financial statements

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Australian Federal Police

The Australian Federal Police (AFP) is an Australian Government controlled entity. It is a not-for-profit entity. The objectives of the 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 AFP is structured to meet two outcomes:

Outcome 1: Reduced criminal and security threats to Australia's collective economic and societal interests through co-operative policing services

Outcome 2: A safe and secure environment through policing activities on behalf of the Australian Capital Territory Government

The continued existence of the AFP in its present form, and with its present programs, is dependent on Government policy and on continued funding by Parliament for the AFP's administration and programs.

AFP activities contributing toward these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the AFP in its own right. Administered activities involve the management or oversight by the AFP, on behalf of the Government, of items controlled or incurred by the Government.

The following four programs relate to Outcome 1:

- Program 1.1 National Security - Policing
- Program 1.2 International Deployments
- Program 1.3 Operations - Policing
- Program 1.4 Close Operational Support

The following program relates to Outcome 2:

- Program 2.1 ACT Community Policing

The AFP conducts administered activities on behalf of the Government under the following programs:

- Program 1.2 International Deployments
- Program 1.3 Operations - Policing
- Program 1.4 Close Operational Support

Notes to and forming part of the financial statements

1.2 Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 49 of the *Financial Management and Accountability Act 1997*.

The financial statements have been prepared in accordance with:

- Finance Minister's Orders (or FMO's) for reporting periods ending on or after 1 July 2011; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FMO's, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow to the entity, or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments or the Schedule of Contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

Administered revenues, expenses, assets, liabilities and cash flows reported in the administered schedules and related notes are accounted for on the same basis and using the same policies as for departmental items, except where otherwise stated at Note 1.20.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the AFP has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of land and buildings has been taken to be the market value of similar properties as determined by an independent valuer. In some instances, the AFP buildings are purpose built and may realise more or less than similar properties in the market. For leasehold improvement the AFP has adopted depreciation replacement cost as its valuation basis as there is no active market for these items.
- The fair value of other property, plant and equipment is measured at market selling price for assets unless a market does not exist. In these circumstances depreciated replacement cost is applied.
- The liability for long service leave has been estimated using present value techniques. This takes into account expected salary growth through promotion, inflation, attrition and future discount rates.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

No new accounting standards issued prior to the signing of the financial statements, applicable to the current reporting period, had a financial impact on the AFP.

Future Australian Accounting Standard Requirements

No new accounting standards issued prior to the signing of the financial statements, applicable to the future reporting periods, are expected to have a future financial impact on the AFP.

Notes to and forming part of the financial statements

1.5 Revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the AFP retains no managerial involvement or effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from the rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits associated with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due, less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Revenue from Government

Amounts appropriated for departmental outcomes for the year adjusted for any formal additions and reductions are recognised as Revenue from Government when the AFP gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

1.6 Gains

Resources Received Free of Charge

Resources received free of charge are recognised as gains 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.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition, or for nominal consideration, are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements.

Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

1.7 Transactions with the Government as Owner

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Notes to and forming part of the financial statements

1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of the end of the reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

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 at the estimated salary rates that will be applied at the time the leave is taken, including the AFP's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2010. The liability for long service leave has been estimated using present value techniques. This takes into account expected salary growth through promotion, inflation and attrition.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The AFP recognises a provision for termination when it has developed a detailed formal plan for the terminations or has informed those employees affected that it will carry out the terminations.

Superannuation

The AFP's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap), or a nominated superannuation fund. The CSS and PSS are defined benefit schemes for the Australian Government. All other superannuation funds are defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance and Deregulation's administered schedules and notes.

The AFP makes employer contributions to the employee's superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The AFP accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the year.

1.9 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 rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract. A liability is recognised at the same time and for 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 straight-line basis which is representative of the pattern of benefits derived from the leased assets.

The AFP had not entered into any finance leases as at 30 June 2012 (2011: Nil).

Notes to and forming part of the financial statements

1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

1.11 Cash and Cash Equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of change in value, cash held by outsiders and cash in special accounts.

1.12 Financial Assets

The AFP classifies its financial assets as 'loans and receivables'. The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are recognised and derecognised upon 'trade date'.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

If there is objective evidence that an impairment loss has been incurred for loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

1.13 Financial Liabilities

Financial liabilities are classified as 'other financial liabilities' and are recognised and derecognised upon 'trade date'.

Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received and irrespective of having been invoiced.

Notes to and forming part of the financial statements

1.14 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the balance sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.15 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. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition.

1.16 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the balance sheet, 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.

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by the AFP where there exists an obligation to restore the property to its original condition. These costs are included in the value of the AFP's leasehold improvements with a corresponding provision for the 'make good' recognised.

Revaluations

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 exc. Leasehold improvements	Market selling price
Leasehold improvements	Depreciated replacement cost
Other property, plant and equipment	Market selling price and depreciated replacement cost

Following initial recognition at cost, property plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depend upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Where revaluations of a class cannot be completed during the year they are conducted on a rolling revaluation basis across years. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Notes to and forming part of the financial statements

1.16 Property, Plant and Equipment (continued)

Depreciation

Depreciable assets are written-off to their estimated residual values over their estimated useful lives to AFP using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2012	2011
Buildings on freehold land	6 to 25 years	6 to 25 years
Buildings on leasehold land	6 to 25 years	6 to 25 years
Leasehold improvements	Lease term	Lease term
Other property, plant and equipment	3 to 10 years	3 to 10 years

Impairment

All assets are assessed for impairment annually. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the AFP were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal, or when no future economic benefits are expected from its use or disposal.

1.17 Intangibles

The AFP's intangibles comprise of internally developed and externally acquired software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of AFP's software is 1 to 15 years (2011: 3 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2012.

1.18 Inventories

Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

When inventories held for distribution are distributed, the carrying amount of those inventories are recognised as an expense. Inventories acquired at no cost or nominal consideration are initially measured at current replacement cost at the date of acquisition. Inventory held by the AFP includes uniforms and goods held for distribution.

1.19 Taxation

The AFP is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

Notes to and forming part of the financial statements

1.20 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes. Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Transfer of Receipting of Fees and Fines

On 1 October 2011 responsibility for receipting fees and fines for cases brought before the courts was transferred to the AFP from the Commonwealth Director of Public Prosecutions (CDPP).

Administered Cash Transfers to and from the Official Public

Revenue collected by the AFP for use by the Government rather than the AFP is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Deregulation. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of the Government. These transfers to and from the OPA are adjustments to the administered cash held by the AFP on behalf of the Government and reported as such in the administered cash flows statement and in the administered reconciliation schedule.

Revenue

All administered revenues are revenues relating to ordinary activities performed by the AFP on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed.

The AFP recognises revenue from fees and fines when these become payable as determined by the courts and the relevant jurisdiction notifies the AFP.

Receivables

Where receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised through profit or loss.

Impairment Allowance

The AFP recognises impairment relating to the probability of recovering fees and fines by reference to an actuarial assessment prepared for the CDPP as at 30 June 2007. The AFP will engage an actuary to provide an assessment when the AFP has sufficient records regarding the probability of recovering fees and fines.

1.21 Accounting for the Australian Institute of Police Management

The purpose of the Australian Institute of Police Management (AIPM) is to provide senior management, executive development, education and consultancy services to Australasian police forces. The AIPM is administered by the AFP. It also reports on its performance to a Board of Control that is comprised of Police Commissioners from Australia and New Zealand.

The AIPM operates within the corporate governance framework of the AFP, the AFP's policies apply in all aspects of the AIPM's corporate service function, all staff at the AIPM are staff members of the AFP, and the operations of the AIPM are partly funded from AFP annual departmental appropriations. The AFP has effective control of the AIPM and therefore AIPM transactions are consolidated into the financial statements of the AFP.

AIPM transactions are contained within the special account, 'Services for Other Entities and Trust Moneys Account', in addition to being consolidated within the AFP financial statements in 2011-12. As a special account, AIPM funds can only be used for the purpose specified above.

Notes to and forming part of the financial statements

1.22 Accounting for The Asia/Pacific Group on Money Laundering

The purpose of the Asia/Pacific Group on Money Laundering (APG) is to facilitate the adoption, implementation and enforcement of internationally accepted anti-money laundering and anti-terrorist financing standards. The AFP hosted the APG for the year ended 30 June 2012 and reports on its performance for the members of the APG.

The APG operates within the corporate governance framework of the AFP and the AFP's policies apply in all aspects of the APG's corporate service function. All staff members are staff members of the AFP. The AFP has effective control of the APG and therefore APG transactions are consolidated into the financial statements of the AFP.

APG transactions are contained within the special account, 'Services for Other Entities and Trust Moneys Account', in addition to being consolidated within the AFP financial statements. As a special account, APG funds can only be used for the purpose specified above.

Note 2: Events After the Reporting Period

No significant events have occurred since the reporting date requiring disclosure in the financial statements.

Notes to and forming part of the financial statements

	2012 \$'000	2011 \$'000
Note 3: Expenses		
Note 3A: Employee Benefits		
Wages and salaries	580,020	599,586
Superannuation:		
Defined contribution plans	33,391	33,084
Defined benefit plans	99,878	92,165
Leave and other entitlements	144,789	115,952
Separation and redundancies	10,920	10,515
Other employee expenses	5,378	6,234
Total employee benefits	874,376	857,536
Note 3B: Supplier		
Goods and services		
Communications and IT	35,668	36,119
Consultants and contractors	43,374	54,008
General and office	23,105	23,093
Travel	62,281	69,903
Staff and recruitment	45,049	41,207
Motor vehicle expenses	6,412	7,477
Postage and freight	6,571	6,792
Operational	55,055	61,199
Training	16,226	16,773
Building and accommodation	27,083	25,891
Total goods and services	320,824	342,462
Goods and services are made up of:		
Provision of goods – external parties	47,896	40,802
Rendering of services – related entities	33,498	33,107
Rendering of services – external parties	239,430	268,553
Total goods and services	320,824	342,462
Other supplier expenses		
Operating lease rentals – external parties:		
Minimum lease payments	91,551	83,456
Contingent rentals	3,510	3,046
Other supplier expenses	282	141
Workers compensation expenses	22,957	16,869
Total other supplier expenses	118,300	103,512
Total supplier expenses	439,124	445,974

Notes to and forming part of the financial statements

	2012	2011
	\$'000	\$'000
<u>Note 3C: Depreciation and Amortisation</u>		
Depreciation:		
Property, plant and equipment	52,858	52,461
Leasehold improvements	23,910	20,175
Buildings	2,945	1,307
Total depreciation	79,713	73,943
Amortisation:		
Intangibles	11,229	8,903
Total amortisation	11,229	8,903
Total depreciation and amortisation	90,942	82,846
<u>Note 3D: Finance Costs</u>		
Unwinding of discount	373	375
Total finance costs	373	375
<u>Note 3E: Write-Down and Impairment of Assets</u>		
Asset write-downs and impairments from:		
Impairment from trade and other receivables	15	1
Write-down and impairment of buildings	857	-
Write-down and impairment of property, plant and equipment	733	595
Write-down and impairment of intangibles	3,897	-
Revaluation decrement - property, plant and equipment	-	8
Total write-down and impairment of assets	5,502	604
<u>Note 3F: Other expenses</u>		
Other	2	-
Settlement of litigation	125	-
Total other expenses	127	-

Notes to and forming part of the financial statements

	2012 \$'000	2011 \$'000
Note 4: Income		
OWN-SOURCE REVENUE		
<u>Note 4A: Sale of Goods and Rendering of Services</u>		
Provision of goods - external parties	3	9
Rendering of services - related entities	99,531	100,899
Rendering of services - external parties	178,021	166,831
Total sale of goods and rendering of services	277,555	267,739
<u>Note 4B: Rental Income</u>		
Operating lease:		
Sublease	2,072	2,060
Total rental income	2,072	2,060
<u>Note 4C: Other Revenue</u>		
Reduction in provisions	261	476
Asset recognition	493	9
Other	510	540
Total other revenue	1,264	1,025
GAINS		
<u>Note 4D: Sale of Assets</u>		
Property, plant and equipment:		
Proceeds from sale	426	174
Carrying value of assets sold	(88)	(9)
Total gains from asset sales	338	165
<u>Note 4E: Resources Received Free of Charge</u>		
ANAO audit services	330	330
ACT Government provision of police stations	5,310	5,480
Total Resources Received Free of Charge	5,640	5,810
REVENUE FROM GOVERNMENT		
<u>Note 4F: Revenue from Government</u>		
Appropriations:		
Departmental appropriations	1,002,119	1,017,804
Total revenue from Government	1,002,119	1,017,804

Notes to and forming part of the financial statements

	2012	2011
	\$'000	\$'000
Note 5: Financial Assets		
<u>Note 5A: Cash and Cash Equivalents</u>		
Special Accounts	2,359	3,029
Cash on hand	163	159
Cash at bank	7,645	15,526
Total cash and cash equivalents	10,167	18,714
<u>Note 5B: Trade and Other Receivables</u>		
Good and Services:		
Goods and services - related entities	6,527	16,510
Goods and services - external parties	2,927	5,642
Total receivables for goods and services	9,454	22,152
Appropriations receivable:		
For existing programs	246,571	186,022
For Special Accounts	3,500	6,000
For equity projects	174,923	220,152
Total appropriations receivable	424,994	412,174
Other receivables:		
GST receivable from the Australian Taxation Office	4,326	1,719
Comcare	6,581	5,640
Other	756	1,448
Total other receivables	11,663	8,807
Total trade and other receivables (gross)	446,111	443,133
Less impairment allowance account:		
Goods and services	(435)	(419)
Total impairment allowance account	(435)	(419)
Total trade and other receivables (net)	445,676	442,714

All receivables are expected to be recovered in no more than 12 months.
Credit terms for goods and services were within 30 days (2011: 30 days)

Receivables are aged as follows:

Not overdue	443,274	437,663
Overdue by:		
1 to 30 days	573	1,105
31 to 60 days	433	984
61 to 90 days	189	429
More than 90 days	1,642	2,952
Total receivables (gross)	446,111	443,133

Notes to and forming part of the financial statements

	2012	2011
	\$'000	\$'000

Note 5B: Trade and Other Receivables (continued)

The impairment allowance account is aged as follows:

Overdue by:		
More than 90 days	435	419
Total impairment allowance account	435	419

Reconciliation of the Impairment Allowance Account:

Movements in relation to 2012

	Goods and services \$'000	Total \$'000
Opening balance	419	419
Increase recognised in net deficit	16	16
Closing balance	435	435

Movements in relation to 2011

	Goods and services \$'000	Total \$'000
Opening balance	436	436
Amounts recovered and reversed	(18)	(18)
Increase recognised in net deficit	1	1
Closing balance	419	419

	2012	2011
	\$'000	\$'000

Note 5C: Other Financial Assets

Accrued revenue	8,393	10,461
Total other financial assets	8,393	10,461

All accrued revenue recognised is expected to be recovered in no more than 12 months.

Notes to and forming part of the financial statements

	2012 \$'000	2011 \$'000
Note 6: Non-Financial Assets		
Note 6A: Land and Buildings		
Land		
Land at fair value	1,485	1,485
Total land	1,485	1,485
Buildings on freehold land:		
Fair value	23,584	3,865
Accumulated depreciation	(1,364)	-
Total buildings on freehold land	22,220	3,865
Buildings on leasehold land:		
Fair value	23,019	22,156
Accumulated depreciation	(1,559)	-
Total buildings on leasehold land	21,460	22,156
Leasehold improvements:		
Fair value	217,665	161,827
Accumulated depreciation	(18,790)	-
Work in progress	10,443	43,325
Total leasehold improvements	209,318	205,152
Total land and buildings	254,483	232,658

No indicators of impairment were found for land and buildings as at 30 June 2012. Where property, plant and equipment were no longer used by the AFP, these have been written down during the financial year. These are described in Note 6C as "Write-down and impairment recognised in the operating result".

No land or buildings were expected to be sold or disposed of within the next 12 months.

Note 6B: Property, Plant and Equipment

Other property, plant and equipment:

Fair value	183,348	131,606
Accumulated depreciation	(50,427)	-
Work in progress	8,534	17,408
Total property, plant and equipment	141,455	149,014

No indicators of impairment were found for property, plant and equipment as at 30 June 2012. Where property, plant and equipment were no longer used by the AFP, these have been written down during the financial year. These are described in Note 6C as "Write-down and impairment recognised in the operating result".

No property, plant and equipment is expected to be sold or disposed of within the next 12 months.

Revaluation of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 1.16. All valuations were conducted by registered and independent valuers. In June 2012 an independent valuer, the Australian Valuation Office, conducted a revaluation of make good liability associated with leasehold fit out concluding the rolling revaluation of this class.

No valuation adjustments were made for land (2011: \$0.682m increment), buildings on freehold land (2011: \$0.647m increment) and buildings on leasehold land (2011: \$0.008m increment). A revaluation increment of \$12.477m (2011: \$5.600m decrement) for leasehold improvements was credited to the asset revaluation reserve and included in the equity section of the balance sheet.

A revaluation increment of \$0.133m for property, plant and equipment (2011: \$4.726m increment) was debited to the asset revaluation reserve and included in the equity section of the balance sheet. In addition, in 2011 an \$0.008m decrement was recognised in the income statement.

Notes to and forming part of the financial statements

Note 6C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment 2012

	Land \$'000	Buildings on freehold land \$'000	Buildings on leasehold land \$'000	Buildings - leasehold improvements \$'000	Total land and buildings \$'000	Other property, plant & equipment \$'000	Total \$'000
As at 1 July 2011	1,485	3,865	22,156	205,152	232,658	149,014	381,672
Gross book value	1,485	3,865	22,156	205,152	232,658	149,014	381,672
Accumulated depreciation and impairment	-	-	-	-	-	-	-
Net book value 1 July 2011	1,485	3,865	22,156	205,152	232,658	149,014	381,672
Additions:							
By purchase	-	-	1,343	29,894	31,237	50,526	81,763
Revaluations and impairments recognised in other comprehensive income	-	-	-	12,477	12,477	133	12,610
Write-down and impairment recognised in the operating result	-	(21)	-	(836)	(857)	(733)	(1,590)
Depreciation expense	-	(1,386)	(1,559)	(23,910)	(26,855)	(52,858)	(79,713)
Other movements	-	-	-	-	-	2	2
Reclassifications	-	19,762	(480)	(13,459)	5,823	(4,541)	1,282
Disposals:							
Other	-	-	-	-	-	(88)	(88)
Net book value 30 June 2012	1,485	22,220	21,460	209,318	254,483	141,455	395,938
Net book value as of 30 June 2012 represented by:							
Gross book value	1,485	23,584	23,019	228,108	276,196	191,882	468,078
Accumulated depreciation and impairment	-	(1,364)	(1,559)	(18,790)	(21,713)	(50,427)	(72,140)
Net book value 30 June 2012	1,485	22,220	21,460	209,318	254,483	141,455	395,938

Notes to and forming part of the financial statements

Note 6C (Cont'd): Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment 2011

	Land \$'000	Buildings on freehold land \$'000	Buildings on leasehold land \$'000	Buildings - leasehold improvements \$'000	Total land and buildings \$'000	Other property, plant & equipment \$'000	Total \$'000
As at 1 July 2010							
Gross book value	803	3,804	16,237	175,629	196,473	238,589	435,062
Accumulated depreciation and impairment	-	(360)	(666)	(16,499)	(17,525)	(79,586)	(97,111)
Net book value 1 July 2010	803	3,444	15,571	159,130	178,948	159,003	337,951
Additions:							
By purchase	-	149	7,725	64,141	72,015	44,961	116,976
Revaluations and impairments recognised in other comprehensive income	682	647	8	5,600	6,937	(4,726)	2,211
Revaluations recognised in operating result	-	-	-	-	-	(8)	(8)
Write-down and impairment recognised in the operating result	-	-	-	-	-	(595)	(595)
Depreciation expense	-	(375)	(932)	(20,175)	(21,482)	(52,461)	(73,943)
Other movements	-	-	-	9	9	(39)	(30)
Reclassifications	-	-	(216)	(3,553)	(3,769)	2,888	(881)
Disposals:							
Other	-	-	-	-	-	(9)	(9)
Net book value 30 June 2011	1,485	3,865	22,156	205,152	232,658	149,014	381,672
Net book value as of 30 June 2011 represented by:							
Gross book value	1,485	3,865	22,156	205,152	232,658	149,014	381,672
Accumulated depreciation and impairment	-	-	-	-	-	-	-
Net book value 30 June 2011	1,485	3,865	22,156	205,152	232,658	149,014	381,672

Notes to and forming part of the financial statements

	2012	2011
	\$'000	\$'000
Note 6D: Intangibles		
Computer software:		
Internally developed – in progress	5,361	18,778
Internally developed – in use	63,686	56,043
Purchased	40,494	27,445
Accumulated amortisation	(61,211)	(53,440)
Total computer software	48,330	48,826
Total intangibles	48,330	48,826

No indicators of impairment were found for intangible assets as at 30 June 2012. Where intangibles were no longer used by the AFP, these have been written down during the financial year. These are described in Note 6E as "Write-down and impairment recognised in the operating result".

No intangible assets are expected to be sold or disposed of within the next 12 months.

Notes to and forming part of the financial statements

Note 6E: Reconciliation of the Opening and Closing Balances of Intangibles 2012

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2011			
Gross book value	74,821	27,445	102,266
Accumulated amortisation and impairment	(36,874)	(16,566)	(53,440)
Net book value 1 July 2011	37,947	10,879	48,826
Additions:			
By purchase or internally developed	10,836	5,076	15,912
Amortisation	(6,186)	(5,043)	(11,229)
Reclassifications	(10,634)	9,352	(1,282)
Write-down and impairment recognised in the operating result	(3,550)	(347)	(3,897)
Net book value 30 June 2012	28,413	19,917	48,330
Net book value as of 30 June 2012 represented by:			
Gross book value	69,047	40,494	109,541
Accumulated amortisation and impairment	(40,634)	(20,577)	(61,211)
Net book value 30 June 2012	28,413	19,917	48,330

Notes to and forming part of the financial statements

Note 6E (Cont'd): Reconciliation of the Opening and Closing Balances of Intangibles 2011

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2010			
Gross book value	55,175	22,680	77,855
Accumulated amortisation and impairment	(31,671)	(12,879)	(44,550)
Net book value 1 July 2010	23,504	9,801	33,305
Additions:			
By purchase or internally developed	18,728	4,815	23,543
Amortisation	(5,202)	(3,701)	(8,903)
Reclassifications	917	(36)	881
Net book value 30 June 2011	37,947	10,879	48,826
Net book value as of 30 June 2011 represented by:			
Gross book value	74,821	27,445	102,266
Accumulated amortisation and impairment	(36,874)	(16,566)	(53,440)
Net book value 30 June 2011	37,947	10,879	48,826

Notes to and forming part of the financial statements

	2012	2011
	\$'000	\$'000
Note 6F: Inventories		
Inventories held for distribution	<u>7,505</u>	<u>8,747</u>
Total inventories	<u>7,505</u>	<u>8,747</u>

During 2011-12 \$6.015m of inventory held for distribution was recognised as an expense (2011: \$2.921m).

No items of inventory were recognised at fair value less cost to sell.

The AFP purchases all inventory with the intention to distribute it within 12 months.

Note 6G: Other Non-Financial Assets

Prepayments	<u>12,717</u>	<u>11,494</u>
Total other non-financial assets	<u>12,717</u>	<u>11,494</u>
Total other non-financial assets - are expected to be recovered in:		
No more than 12 months	<u>12,394</u>	<u>10,792</u>
More than 12 months	<u>323</u>	<u>702</u>
Total other non-financial assets	<u>12,717</u>	<u>11,494</u>

No indicators of impairment were found for other non-financial assets.

Notes to and forming part of the financial statements

	2012 \$'000	2011 \$'000
Note 7: Payables		
Note 7A: Suppliers		
Trade creditors and accruals	77,480	56,834
Operating lease rentals	15,083	15,288
Total supplier payables	92,563	72,122
Supplier payables expected to be settled within 12 months:		
Related entities	5,775	3,709
External parties	75,790	56,416
Total	81,565	60,125
Supplier payables expected to be settled in greater than 12 months:		
External parties	10,998	11,997
Total	10,998	11,997
Total supplier payables	92,563	72,122
Settlement was usually made within 30 days.		
Note 7B: Other Payables		
Prepayments received/unearned income	11,784	11,185
Wages and salaries	20,589	15,620
Other payables	269	171
Superannuation	3,556	2,868
Separations and redundancies	3,175	7,570
Total other payables	39,373	37,414

All Other Payables are expected to be settled within 12 months.

Notes to and forming part of the financial statements

	2012 \$'000	2011 \$'000
Note 8: Provisions		
Note 8A: Employee Provisions		
Leave	265,857	228,072
Other	179	312
Total employee provisions	266,036	228,384
Employee provisions are expected to be settled in:		
No more than 12 months	73,391	78,296
More than 12 months	192,645	150,088
Total employee provisions	266,036	228,384
Note 8B: Other Provisions		
Provision for restoration obligations	14,970	8,458
Total other provisions	14,970	8,458
Other provisions are expected to be settled in:		
No more than 12 months	3,105	1,771
More than 12 months	11,865	6,687
Total other provisions	14,970	8,458
	Provision for Restoration Obligations	Total
	\$'000	\$'000
Carrying amount 1 July 2011	8,458	8,458
Amounts used	(494)	(494)
Provisions not realised	(264)	(264)
Revaluation	6,897	6,897
Unwinding of discount	373	373
Closing balance 30 June 2012	14,970	14,970

In June 2012 an independent valuer, the Australian Valuation Office, conducted a revaluation of make good liability associated with leasehold fitout concluding the rolling revaluation of this class. An increment of \$6.897m (2011: nil) was debited to the asset revaluation reserve.

The AFP currently has 46 agreements for the leasing of premises which have provisions requiring the AFP to restore the premises to their original condition at the conclusion of the lease. The AFP has made a provision to reflect the present value of this obligation.

Notes to and forming part of the financial statements

	2012 \$'000	2011 \$'000
Note 9: Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash flow statement	10,167	18,714
Balance sheet	<u>10,167</u>	<u>18,714</u>
Difference	<u>-</u>	<u>-</u>
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(1,123,575)	(1,110,536)
Add revenue from Government	1,002,119	1,017,804
Adjustment for non-cash items		
Depreciation / amortisation	90,942	82,846
Net write down of non-financial assets	5,487	604
Gain on disposal of assets	(338)	(165)
Asset recognition	(493)	(9)
Reclassification of non-financial assets	-	36
Movement in capital accruals recognised in payables	223	(7,815)
Restoration provision movements recognised in equity	(6,897)	192
Changes in assets / liabilities		
(Increase) / decrease in net receivables	(48,191)	41,795
(Increase) / decrease in inventories	1,242	(5,521)
(Increase) / decrease in prepayments	(1,223)	945
(Increase) / decrease in accrued revenue	2,068	(2,454)
Increase in employee provisions	37,652	16,468
Increase / (decrease) in supplier payables	20,441	(28,622)
Increase / (decrease) in other payables	1,959	9,152
Increase / (decrease) in other provisions	<u>6,512</u>	<u>(4,648)</u>
Net cash from (used by) operating activities	<u>(12,072)</u>	<u>10,072</u>

Notes to and forming part of the financial statements

Note 10: Contingent Assets and Liabilities

	Claims for		Total	
	damages or costs		2012	2011
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Contingent assets				
Balance from previous period	1,251	39	1,251	39
New	79	1,211	79	1,211
Re-measurement	(101)	12	(101)	12
Assets recognised	(1,150)	(11)	(1,150)	(11)
Total contingent assets	79	1,251	79	1,251
Contingent liabilities				
Balance from previous period	6,187	5,925	6,187	5,925
New	20	1,587	20	1,587
Re-measurement	(4,307)	(520)	(4,307)	(520)
Liabilities recognised	(1,430)	-	(1,430)	-
Obligations expired	-	(805)	-	(805)
Total contingent liabilities	470	6,187	470	6,187
Net contingent assets (liabilities)	(391)	(4,936)	(391)	(4,936)

Quantifiable Contingencies

The Schedule of Contingencies reports contingent assets and liabilities in respect of claims for damages/costs of \$0.470m (2011: \$6.187m) and \$0.079m (2011: \$1.251m) respectively. The amount represents an estimate of the AFP's asset or liability based on precedent cases.

Unquantifiable Contingencies

If a matter prosecuted by the AFP is defended successfully, the court may order that the AFP meet certain costs incurred by the defence.

If a matter is being litigated by the AFP and assets are restrained under the *Proceeds of Crime Act 1987* or the *Proceeds of Crime Act 2002*, the AFP gives an undertaking against potential damages caused to the person(s) whose assets have been restrained. If the proceeds of crime action is unsuccessful, damages may be awarded against the AFP. In addition costs orders may be made against the AFP if a proceeds of crime action is unsuccessful. Costs so awarded are met from the AFP or client organisations annual appropriations. Damages may be covered by ComCover where ComCover assesses that the liability is covered by the AFP's insurance policy.

Although costs and damages may be awarded against the AFP from time to time, the AFP is unable to declare an estimate of liabilities not recognised nor undertakings due to the uncertainty of the outcome of matters, but more particularly, due to the sensitivity of the information related to matters still before the courts.

Notes to and forming part of the financial statements

Note 11: Senior Executive Remuneration

Note 11A: Senior Executive Remuneration Expense for the Reporting Period

	2012	2011
	\$	\$
Short-term employee benefits:		
Salary	12,867,254	11,919,610
Annual leave accrued	1,422,657	1,408,164
Performance bonus	899,237	807,643
Transfer costs	299,745	426,572
Fringe Benefits Tax	330,075	362,049
Motor vehicle allowances	1,803,268	1,645,673
Other allowances	1,531,267	1,682,904
Total short-term employee benefits	19,153,503	18,252,615
Post-employment benefits		
Superannuation	4,423,117	3,742,384
Total post-employment benefits	4,423,117	3,742,384
Other long-term benefits		
Long-service leave	693,906	761,817
Total other long-term benefits	693,906	761,817
Termination benefits	358,353	188,059
Total employment benefits	24,628,879	22,944,875

Notes:

- Note 11A was prepared on an accrual basis (therefore the performance bonus expenses disclosed above may differ from the cash 'Bonus paid in Note 11B).
- Senior Executive means the AFP Commissioner, Senior Executive Service (SES) Officers and their equivalents who were employed in these positions at any time during the financial year. It excludes acting arrangements and part-year services where remuneration expensed was less than \$150,000.
- Other allowances include parking, spouse travel, health and fitness, financial advice and overseas allowances.
- The 2010-11 comparative employment benefits total has increased by \$2,683,458 from the figure reported in 2010-11 due to a change in the reporting requirements which now includes staff who were based overseas for more than 6 months.

Notes to and forming part of the financial statements

Note 11B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives During the Reporting Period

	2012				Total
	Senior Executives No.	Reportable salary ² \$	Contributed superannuation ³ \$	Bonus Paid ⁴ \$	
Average annual reportable remuneration ¹					
Total remuneration (including part-time arrangements):					
less than \$150,000	7	64,368	12,842	3,661	80,871
\$150,000 to \$179,999	6	143,645	24,075	4,447	172,167
\$180,000 to \$209,999	13	155,767	38,222	4,588	198,577
\$210,000 to \$239,999	32	170,602	47,210	8,769	226,581
\$240,000 to \$269,999	10	173,669	68,364	11,576	253,609
\$270,000 to \$299,999	6	216,483	58,098	12,547	287,128
\$300,000 to \$329,999	8	234,595	64,756	13,770	313,121
\$330,000 to \$359,999	3	262,104	71,967	10,533	344,604
\$360,000 to \$389,999	1	237,402	110,608	20,000	368,010
\$390,000 to \$419,999	4	296,083	86,278	15,155	397,516
\$480,000 to \$509,999	1	374,971	121,898	-	496,869
Total	91				

Notes to and forming part of the financial statements

Note 11B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives During the Reporting Period (continued)

Average annual reportable remuneration ¹	2011				Total
	Senior Executives No.	Reportable salary ²	Contributed superannuation ³	Bonus Paid ⁴	
Total remuneration (including part-time arrangements):		\$	\$	\$	\$
less than \$150,000	10	56,627	11,439	5,414	73,480
\$150,000 to \$179,999	5	132,956	29,640	4,396	166,992
\$180,000 to \$209,999	18	158,990	32,568	6,534	198,092
\$210,000 to \$239,999	28	166,484	49,099	9,265	224,848
\$240,000 to \$269,999	11	187,525	55,199	9,882	252,606
\$270,000 to \$299,999	10	219,997	54,216	11,208	285,421
\$300,000 to \$329,999	2	244,522	54,054	14,191	312,767
\$330,000 to \$359,999	3	266,393	72,261	13,424	352,078
\$360,000 to \$389,999	3	272,239	89,385	10,801	372,425
\$390,000 to \$419,999	1	307,341	78,273	12,400	398,014
\$480,000 to \$509,999	1	372,407	108,569	-	480,976
Total	92				

Notes:

¹ This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.

² 'Reportable salary' includes the following:

- gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
- reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
- except foreign employment income.

³ The 'contributed superannuation' amount is the average actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per the individuals' paylips.

⁴ 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the AFP during the financial year.

⁵ Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.

⁶ There were no reportable allowances disclosed in the 'total allowances' line on individuals' payment summaries for 2011-12 or 2010-11.

Notes to and forming part of the financial statements

Note 11C: Other Highly Paid Staff

2012

Average annual reportable remuneration ¹	Staff No.	Reportable salary ²	Contributed superannuation ³	Bonus Paid ⁴	Total
		\$	\$	\$	\$
Total remuneration (including part-time arrangements):					
\$150,000 to \$179,999	504	129,388	32,526	9	161,923
\$180,000 to \$209,999	195	153,481	39,096	27	192,604
\$210,000 to \$239,999	63	176,406	45,995	78	222,479
\$240,000 to \$269,999	6	223,816	34,652	-	258,468
\$270,000 to \$299,999	12	242,952	39,390	-	282,342
\$300,000 to \$329,999	11	257,775	56,355	525	314,655
\$330,000 to \$359,999	4	292,617	57,853	-	350,470
\$360,000 to \$389,999	2	279,337	88,653	-	367,990
\$390,000 to \$419,999	1	357,687	41,656	-	399,343
Total	798				

2011

Average annual reportable remuneration ¹	Staff No.	Reportable salary ²	Contributed superannuation ³	Bonus Paid ⁴	Total
		\$	\$	\$	\$
Total remuneration (including part-time arrangements):					
\$150,000 to \$179,999	428	130,232	30,155	1,856	162,243
\$180,000 to \$209,999	175	147,271	37,554	7,892	192,717
\$210,000 to \$239,999	53	182,990	32,957	5,211	221,158
\$240,000 to \$269,999	18	217,247	32,611	4,761	254,619
\$270,000 to \$299,999	9	246,488	31,425	7,847	285,760
\$300,000 to \$329,999	5	244,221	61,060	9,243	314,524
\$330,000 to \$359,999	8	273,141	59,300	9,307	341,748
\$360,000 to \$389,999	2	316,044	42,623	14,955	373,622
Total	698				

Notes to and forming part of the financial statements

Note 11C: Other Highly Paid Staff (continued)

Notes:

¹ This table reports staff:

- a) who were employed by the AFP during the reporting period;
- b) whose reportable remuneration was \$150,000 or more for the financial period; and
- c) who were not required to be disclosed in Tables A or B.

Each row is an averaged figure based on headcount for individuals in the band.

² 'Reportable salary' includes the following:

- a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
- b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
- c) exempt foreign employment income.

³ The 'contributed superannuation' amount is the average actual superannuation contributions paid to staff in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per the individuals' payslips.

⁴ 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the AFP during the financial year.

⁵ Various salary sacrifice arrangements were available to other highly paid staff including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.

⁶ There were no reportable allowances disclosed in the 'total allowances' line on individuals' payment summaries for 2011-12 or 2010-11.

Notes to and forming part of the financial statements

	2012	2011
	\$'000	\$'000

Note 12: Remuneration of Auditors

Financial statement audit services were provided free of charge to the AFP by the Australian National Audit Office (ANAO).

Fair value of the services provided

Financial statement audit services	330	330
Total	330	330

Additional audit services provided and charged by the Auditor-General:

ACT Policing	68	68
Australian Institute of Police Management	44	44
Total	112	112

No other services were provided by the auditors of the financial statements.

Notes to and forming part of the financial statements

	2012	2011
	\$'000	\$'000
Note 13: Financial Instruments		
<u>Note 13A: Categories of Financial Instruments</u>		
Financial Assets		
Loans and receivables:		
Cash and cash equivalents	10,167	18,714
Trade receivables	9,019	21,733
Other receivables	7,337	7,088
Accrued revenue	8,393	10,461
Total	34,916	57,996
Carrying amount of financial assets	34,916	57,996
Financial Liabilities		
At amortised cost:		
Trade creditors	92,563	72,122
Other payables	269	171
Total	92,832	72,293
Carrying amount of financial liabilities	92,832	72,293
<u>Note 13B: Net Income and Expense from Financial Assets</u>		
Loans and receivables		
Impairment	(15)	(1)
Net loss loans and receivables	(15)	(1)
Net loss from financial assets	(15)	(1)

The net expense from financial assets not at fair value through profit and loss is \$15,339 (2011: \$765).

Note 13C: Fair Value of Financial Instruments

The carrying value of all financial assets in the balance sheet approximates fair value.

Notes to and forming part of the financial statements

Note 13D: Credit Risk

The AFP's exposure to credit risk is minimal and relates to trade receivables. Management has endorsed policies and procedures for debt management to reduce the incidence of credit risk on trade receivables. Additionally, management has assessed the risk of default on payment and has made an impairment allowance of \$434,623 (2011: \$419,283).

The following table illustrates the AFP's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2012	2011
	\$'000	\$'000
Financial assets		
Trade receivables	9,454	22,152
Other receivables	7,337	7,088
Total	16,791	29,240

The AFP holds no collateral to mitigate against credit risk.

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due nor impaired	Not past due nor impaired	Past due or impaired	Past due or impaired
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Trade receivables	13,954	23,770	2,837	5,470
Total	13,954	23,770	2,837	5,470

The AFP assessed \$434,623 (2011: \$419,283) of trade receivables to be impaired and therefore in doubt of recovery. This amount is included in the past due or impaired balance above. All other trade receivables are considered recoverable.

Ageing of financial assets that were past due but not impaired for 2012

	1 to 30	31 to 60	61 to 90	90+	Total
	days	days	Total	days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	573	433	189	1,207	2,402
Total	573	433	189	1,207	2,402

Ageing of financial assets that were past due but not impaired for 2011

	1 to 30	31 to 60	61 to 90	90+	Total
	days	days	days	days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	1,105	984	429	2,533	5,051
Total	1,105	984	429	2,533	5,051

Notes to and forming part of the financial statements

Note 13E: Liquidity Risk

The AFP is a Commonwealth agency that is primarily budget funded and has internal policies and procedures in place to ensure budget funded resources are available to meet its financial obligations as and when they fall due. As such, the AFP's exposure to liquidity risk is not significant.

The following table illustrates the maturities for financial liabilities.

Maturities for non-derivative financial liabilities 2012

	On demand \$'000	within 1 year \$'000	1 to 2 years \$'000	2 to 5 years \$'000	> 5 years \$'000	Total \$'000
Trade creditors	-	81,565	10,998	-	-	92,563
Other payables	-	269	-	-	-	269
Total	-	81,834	10,998	-	-	92,832

Maturities for non-derivative financial liabilities 2011

	On demand \$'000	within 1 year \$'000	1 to 2 years \$'000	2 to 5 years \$'000	> 5 years \$'000	Total \$'000
Trade creditors	-	60,125	11,997	-	-	72,122
Other payables	-	171	-	-	-	171
Total	-	60,296	11,997	-	-	72,293

The AFP has no derivative financial liabilities in either 2012 or 2011.

Notes to and forming part of the financial statements

Note 13F: Market Risk

The AFP's exposure to market risk is minimal and relates only to basic financial instruments held such as foreign currencies.

Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The AFP is exposed to foreign currency risk primarily through undertaking certain transactions denominated in foreign currency.

The AFP is exposed to currencies denominated in US Dollar, Indonesian Rupiah, Euro, Papua New Guinea Kina and Vanuatu Vatu.

The following table details the effect on the profit and equity as at 30 June from 15 per cent favourable/unfavourable change in the AUS dollar against the above currencies with all other variables held constant.

The sensitivity analysis of the AFP's exposure to foreign currency risk at the reporting date has been determined based on the Department of Finance & Deregulation's calculated average of the five main currencies the Commonwealth is exposed to, being USD, EUR, GBR, JPY and NZD.

Sensitivity analysis of the risk that the AFP is exposed to for 2012

	Risk variable	Change in risk variable %	Effect on	
			Profit and loss \$'000	Equity \$'000
Currency risk	Exposed currency	15.00	243	243

Sensitivity analysis of the risk that the AFP is exposed to for 2011

	Risk variable	Change in risk variable %	Effect on	
			Profit and loss \$'000	Equity \$'000
Currency risk	Exposed currency	15.00	131	131

Notes to and forming part of the financial statements

	Notes	2012 \$'000	2011 \$'000
Note 14: Financial Asset Reconciliation			
Financial assets			
Total financial assets as per balance sheet		464,236	471,889
Less non-financial instrument components			
Appropriation receivable	5B	424,994	412,174
GST Receivable from ATO	5B	4,326	1,719
Total non-financial instrument components		<u>429,320</u>	<u>413,893</u>
Total financial assets as per financial instrument note		<u>34,916</u>	<u>57,996</u>

Notes to and forming part of the financial statements

	2012	2011
	\$'000	\$'000
Note 15: Administered - Expenses		
EXPENSES		
<u>Note 15A: Suppliers</u>		
Goods and services		
Communications and IT	145	83
Consultants and contractors	4,664	8,801
Contributions to common police services	910	986
General and office	2,983	2,085
Operational expenses	477	170
Infrastructure for other jurisdictions	7,467	514
Police equipment	293	862
Police equipment for other jurisdictions	18,370	19,289
Rent and Accommodation	1,824	113
Training	4,343	3,972
Travel	2,488	1,246
Total goods and services	43,964	38,121
Goods and services are made up of:		
Provision of goods - related entities	-	2,100
Provision of goods - external parties	23,276	20,190
Rendering of services - related entities	1,136	1,750
Rendering of services - external parties	19,552	14,081
Total goods and services	43,964	38,121
<u>Note 15B: Write-Down and Impairment of Assets</u>		
Asset write-downs and impairments from:		
Impairment of trade and other receivables	172	-
Total write-down and impairment of assets	172	-
Note 16: Administered - Income		
OWN-SOURCE REVENUE		
<u>Note 16A: Fees and fines</u>		
Court fees, fines and penalties	198	-
Total Fines	198	-

Notes to and forming part of the financial statements

	2012 \$'000	2011 \$'000
Note 17: Administered - Financial Assets		
Note 17A: Cash and Cash Equivalents		
Cash on hand or on deposits	341	1,108
Total cash and cash equivalents	341	1,108
Note 17B: Trade and Other Receivables		
Other receivables:		
GST receivable from Australian Taxation Office	13	72
Court fees, fines and penalties	924	-
Total other receivables	937	72
Total trade and other receivables (gross)	937	72
Less: impairment allowance account:		
Court fees, fines and penalties	(858)	-
Total impairment allowance account	(858)	-
Total trade and other receivables (net)	79	72
Receivables are aged as follows:		
Not overdue	13	72
Overdue by:		
1 to 30 days	-	-
31 to 60 days	24	-
61 to 90 days	22	-
More than 90 days	878	-
Total receivables (gross)	937	72
The impairment allowance account is aged as follows:		
Not overdue	-	-
Overdue by:		
1 to 30 days	-	-
31 to 60 days	(10)	-
61 to 90 days	(14)	-
More than 90 days	(834)	-
Total impairment allowance account	(858)	-

All receivables are expected to be recovered in no more than 12 months.

Credit terms for goods and services were within 30 days (2011: 30 days)

Reconciliation of the Impairment Allowance Account:**Movements in relation to 2012**

	Goods and services \$'000	Total \$'000
Opening balance	-	-
Increase recognised in net surplus	172	172
Increase recognised in contributed equity	686	686
Closing balance	858	858

Notes to and forming part of the financial statements

	2012	2011
	\$'000	\$'000
Note 18: Administered - Non-Financial Assets		
Note 18A: Other Non-Financial Assets		
Prepayments	-	12
Total other non-financial assets	-	12
No indicators of impairment were found for other non-financial assets.		
Total other non-financial assets - are expected to be recovered in:		
No more than 12 months	-	12
Total other non-financial assets	-	12
Note 19: Administered - Payables		
Note 19A: Suppliers		
Trade creditors and accruals	1,180	3,920
Total suppliers	1,180	3,920
Supplier payables expected to be settled within 12 months:		
External parties	1,180	3,920
Total	1,180	3,920

Settlement was usually made within 30 days.

Notes to and forming part of the financial statements

	2012 \$'000	2011 \$'000
Note 20: Administered - Cash flow Reconciliation		
Reconciliation of cash and cash equivalents as per Administered Schedule of Assets and Liabilities to Administered Cash Flow Statement		
Cash and cash equivalents as per:		
Administered cash flow statement	341	1,108
Administered schedule of assets and liabilities	341	1,108
Difference	<u>-</u>	<u>-</u>
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(43,938)	(38,121)
Adjustment for non-cash items		
Net assets gained from CDPP	75	-
Changes in assets / liabilities		
Increase in net receivables	(7)	(17)
Decrease in prepayments	12	2
Increase / (decrease) in supplier payables	(2,740)	1,957
Net cash used by operating activities	<u>(46,598)</u>	<u>(36,179)</u>

Notes to and forming part of the financial statements

	2012	2011
	\$'000	\$'000
Note 21: Administered Financial Instruments		
<u>Note 21A: Categories of Financial Instruments</u>		
Financial Assets		
Loans and receivables:		
Cash and cash equivalents	341	1,108
Trade receivables	66	-
Total	407	1,108
Carrying amount of financial assets	407	1,108
Financial Liabilities		
At amortised cost:		
Trade creditors	1,180	3,920
Total	1,180	3,920
Carrying amount of financial liabilities	1,180	3,920

Note 21B: Fair Value of Financial Instruments

The carrying value of all financial instruments in the administered schedule of assets and liabilities approximates fair value.

Notes to and forming part of the financial statements

Note 21C: Credit Risk

The AFP credit risk related to administered activities are limited to the administered receivable from court ordered fees and fines. These fees and fines are received by the AFP where the AFP brought the case before the courts. The collection and enforcement of fees and fines remain the responsibility of state based organisations. The AFP activities are limited to receipting of these fees and fines. The AFP calculates an impairment allowance associated with these debts in line with an actuary report obtained by the Commonwealth Director of Public Prosecution. The AFP has calculated an impairment allowance of \$857,688 (2011: Nil).

The following table illustrates the AFP's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2012	2011
	\$'000	\$'000
Financial assets		
Trade receivables	66	-
Total	66	-

The AFP holds no collateral to mitigate against credit risk.

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due nor impaired	Not past due nor impaired	Past due or impaired	Past due or impaired
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Trade receivables	-	-	924	-
Total	-	-	924	-

The AFP assessed \$857,688 (2011: Nil) of trade receivables to be impaired and therefore in doubt of recovery. This amount is included in the past due or impaired balance above.

Ageing of financial assets that were past due but not impaired for 2012

	1 to 30	31 to 60	61 to 90	90+	Total
	days	days	days	days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	-	14	8	44	66
Total	-	14	8	44	66

Ageing of financial assets that were past due but not impaired for 2011

	1 to 30	31 to 60	61 to 90	90+	Total
	days	days	days	days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	-	-	-	-	-
Total	-	-	-	-	-

Notes to and forming part of the financial statements

Note 21D: Liquidity Risk

The AFP's liabilities are Trade Creditors. The exposure to liquidity risk is based on the notion that the AFP will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely as the AFP is appropriated funding from the Australian Government and the AFP manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the AFP has policies in place to ensure payments are made when due and has no past experience of default. As such, the AFP's exposure to liquidity risk is not significant. All financial liabilities are due within 1 year. The AFP has no derivative liabilities in both the current and prior year.

Maturities for non-derivative financial liabilities 2012

	On demand \$'000	within 1 year \$'000	Total \$'000
Trade creditors	-	1,180	1,180
Total	-	1,180	1,180

Maturities for non-derivative financial liabilities 2011

	On demand \$'000	within 1 year \$'000	Total \$'000
Trade creditors	-	3,920	3,920
Total	-	3,920	3,920

The AFP has no derivative financial liabilities in either 2012 or 2011.

Notes to and forming part of the financial statements

	2012	2011
	\$'000	\$'000
Note 22: Administered Financial Assets Reconciliation		
<u>Financial Assets</u>		
	Notes	
Total financial assets as per administered schedule of assets and liabilities	420	1,180
Less: non-financial instruments components		
GST Receivable from ATO	17B <u>(13)</u>	<u>(72)</u>
Total non-financial instrument components	<u>(13)</u>	<u>(72)</u>
Total financial assets as per financial instruments note	407	1,108

Notes to and forming part of the financial statements

Note 23: Appropriations

Table A: Annual Appropriations ('Recoverable GST exclusive') - 2012 Appropriations

	2012 Appropriations					Appropriation applied in 2012 (current and prior years) \$'000	Variance \$'000
	Appropriation Act		FMA Act		Total appropriation \$'000		
	Annual Appropriation \$'000	Appropriations reduced ^(a) \$'000	Section 30 \$'000	Section 31 \$'000			
DEPARTMENTAL							
Ordinary annual services	1,062,585	(6,333)	2,083	290,657	1,348,992	1,292,425	56,567 ^(b)
Other services							
Equity	8,139	-	-	-	8,139	50,266	(42,127) ^(c)
Total Departmental	1,070,724	(6,333)	2,083	290,657	1,357,131	1,342,691	14,440
ADMINISTERED							
Ordinary annual services	46,860	(2,906)	-	-	43,954	46,735	(2,781) ^(d)
Administered items							
Total Administered	46,860	(2,906)	-	-	43,954	46,735	(2,781)

Notes:

(a) Appropriations reduced under Appropriation Acts (No. 1, 3 & 5) 2011-12: sections 10, 11, 12 and 15 and under Appropriation Acts (No. 2, 4, 6) 2011-12: sections 12, 13, 14 and 17. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. On the 26th June 2012, the Finance Minister issued a determination to reduce departmental appropriations following a request by the Attorney General. The amount of the reduction under Determination to Reduce Appropriations (No. 1 of 2011-12) in relation to Appropriation Act (No. 1) 2011-12 was \$6,333,000.

In addition to this, the Determination to Reduce Appropriations (No. 1 of 2011-12) included a reduction of \$6,563,000 for Appropriation Act (No. 2) 2007-08. As this reduction relates to prior financial year appropriations, it has not been disclosed in Table A.

As with departmental appropriation, the responsible Minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of Appropriation Act (Nos. 1, 3 & 5) 2011-12 and section 12 of (Nos. 2, 4 & 6) 2011-12, the appropriation is taken to be reduced to the required amount specified in Table D of this note once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister's determination, which is a disallowable instrument in Parliament. There was no reduction in 2011-12 administered appropriations during the current year, however a reduction of \$2,906,044.67 relating to Administered Appropriation Acts (No. 1) 2011-12, is reflected in Note 23D of these statements and will take effect when these statements are tabled.

(b) The amount of variance in Ordinary Appropriation represents funds required to pay for existing liabilities as at 30 June 2012 which are yet to be paid.

(c) The variance in the equity annual appropriation and equity appropriation applied in 2012 has occurred because funding appropriated in prior years has been applied to projects undertaken in 2011-12.

(d) The variance relates to carried forward expenditure relating to prior years' operations.

Notes to and forming part of the financial statements**Note 23: Appropriations (continued)****Table A: Annual Appropriations (Recoverable GST exclusive) - 2011 Appropriations**

	2011 Appropriations					Appropriation applied in 2011 (current and prior years) \$'000	Variance \$'000
	Appropriation Act		FMA Act		Total appropriation \$'000		
	Annual Appropriations \$'000	reduced ^(a) \$'000	Section 30 \$'000	Section 31 \$'000			
DEPARTMENTAL							
Ordinary annual services	1,068,984	(37)	1,609	254,418	1,324,974	1,379,585	(54,611) ^(b)
Other services	16,161	-	-	-	16,161	70,827	(54,666) ^(c)
Equity							
Total Departmental	1,085,145	(37)	1,609	254,418	1,341,135	1,450,412	(109,277)
ADMINISTERED							
Ordinary annual services	68,280	(30,155)	-	-	38,125	36,179	1,946 ^(d)
Administered items	68,280	(30,155)	-	-	38,125	36,179	1,946
Total Administered							

Notes:

- (a) Appropriations reduced under Appropriation Acts (No. 1, 3 & 5) 2010-11; sections 10, 11, 12 and 15 and under Appropriation Acts (No. 2, 4, 6) 2010-11; sections 12, 13, 14 and 17. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. The amounts of the reduction under - Determination to Reduce Appropriation Upon Request (No. 20 of 2010-11) which included a reduction of \$36,574.00 for Appropriation Act (No. 1) 2010-2011.
- As with departmental appropriation, the responsible Minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of Appropriation Act (Nos. 1, 3 & 5) 2010-11 and section 12 of (Nos. 2, 4 & 6) 2010-11, the appropriation is taken to be reduced to the required amount specified in Table F of this note once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister's determination, which is a disallowable instrument in Parliament. The amount of reduction in administered appropriation relates to:
- Reduction of \$30,155,321.42 relating to Administered Appropriation Acts (No. 1 and 3) 2010-11 which is reflected Note 23D of these statements and will take effect when the statements were tabled.
- (b) The amount of variance in Ordinary Appropriation mainly relates to carried forward expenditure relating to prior years operations and an increase in operational activity in the current year.
- (c) The variance in the equity annual appropriation and equity appropriation applied in 2011 has occurred because funding appropriated in prior years has been applied to projects that deferred into the current year.
- (d) The variance represents funds required to pay for existing liabilities as at 30 June 2011 which are yet to be paid.

Notes to and forming part of the financial statements

Note 23: Appropriations (continued)

Table B: Departmental Capital Budgets (Recoverable GST exclusive)

	2012 Capital Budget Appropriations			Capital Budget Appropriation applied in 2012 (current and prior years)			
	<i>Appropriation Act</i>	<i>FMA Act</i>	Total Capital Budget Appropriations \$'000	Payments for non-financial assets ³ \$'000	Payments for other purposes \$'000	Total payments \$'000	Variance ⁴ \$'000
	Annual Capital Budget \$'000	Appropriations reduced ² \$'000					
DEPARTMENTAL Ordinary annual services - Departmental Capital Budget ¹	53,698	-	53,698	50,237	-	50,237	3,461

Notes:

¹ Departmental Capital Budgets are appropriated through Appropriation Acts (No. 1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.

² Appropriations reduced under Appropriation Acts (No. 1,3,5) 2011-12: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.

³ Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

⁴ Variance relates to assets which have been received by the AFP however payment is yet to be made.

	2011 Capital Budget Appropriations			Capital Budget Appropriation applied in 2011 (current and prior years)			
	<i>Appropriation Act</i>	<i>FMA Act</i>	Total Capital Budget Appropriations \$'000	Payments for non-financial assets ³ \$'000	Payments for other purposes \$'000	Total payments \$'000	Variance \$'000
	Annual Capital Budget \$'000	Appropriations reduced ² \$'000					
DEPARTMENTAL Ordinary annual services - Departmental Capital Budget ¹	51,151	-	51,151	51,151	-	51,151	-

Notes:

¹ Departmental Capital Budgets are appropriated through Appropriation Acts (No. 1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.

² Appropriations reduced under Appropriation Acts (No. 1,3,5) 2010-11: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.

³ Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

Notes to and forming part of the financial statements**Note 23: Appropriations (continued)****Table C: Unspent Annual Appropriations ('recoverable GST exclusive')**

	2012	2011
	\$'000	\$'000
DEPARTMENTAL		
Appropriation Act (No. 2) 2005-2006	-	2,560
Appropriation Act (No. 4) 2005-2006	-	24,568
Appropriation Act (No. 4) 2006-2007	1,523	17,249
Appropriation Act (No. 2) 2007-2008	29,780	43,755
Appropriation Act (No. 4) 2007-2008	554	554
Appropriation Act (No. 1) 2008-2009	-	7,727
Appropriation Act (No. 2) 2008-2009	103,598	103,598
Appropriation Act (No. 2) 2009-2010	12,871	12,871
Appropriation Act (No. 1) 2010-2011	-	173,289
Appropriation Act (No. 2) 2010-2011	14,982	14,982
Appropriation Act (No. 3) 2010-2011	-	5,007
Appropriation Act (No. 4) 2010-2011	15	15
Appropriation Act (No. 1) 2010-2011 - Cash on hand	-	15,685
Appropriation Act (No. 1) 2011-2012	247,006	-
Appropriation Act (No. 1) - Capital Budget (DCB) - Non Operating	3,461	-
Appropriation Act (No. 2) 2011-2012	8,139	-
Appropriation Act (No. 1) 2011-2012 - Cash on hand	7,808	-
Total	429,737	421,860
ADMINISTERED		
Appropriation Act (No. 1) 2010-2011	-	2,733
Appropriation Act (No. 3) 2010-2011	-	126
Appropriation Act (No. 1) 2010-2011 - Cash on hand	-	1,108
Appropriation Act (No. 1) 2011-2012	3,746	-
Appropriation Act (No. 1) 2011-2012 - Cash on hand	341	-
Total	4,087	3,967

Notes to and forming part of the financial statements

Note 23: Appropriations (continued)

Table D: Reduction in Administered Items ('recoverable GST exclusive')

2012	Amount required ¹ - by Appropriation Act	Total amount required ²	Total amount appropriated ³	Total Reduction ⁴
Ordinary Annual Services	Act (No.1)	Act (No.3)		
Outcome 1	\$ 43,953,955.33	\$ 0.00	\$ 46,860,000.00	\$ 2,906,044.67

¹ Administered items for 2011-12 were reduced to these amounts when these financial statements were tabled in Parliament as part of the AFP's 2011-12 annual report. This reduction takes effect in 2012-13, but the amounts were reflected in Table A in the 2011-12 financial statements in the column 'Appropriations reduced' as they were adjustments to 2011-12 appropriations.

² Amount required as per Appropriation Act (Act 1 s. 11; Act 2 s. 12).

³ Total amount appropriated in 2011-12.

⁴ Total reduction effective in 2012-13.

2011	Amount required ¹ - by Appropriation Act	Total amount required ²	Total amount appropriated ³	Total Reduction ⁴
Ordinary Annual Services	Act (No.1)	Act (No.3)		
Outcome 1	\$ 25,537,270.25	\$ 12,587,408.33	\$ 68,280,000.00	\$ 30,155,321.42

¹ Administered items for 2010-11 were reduced to these amounts when these financial statements were tabled in Parliament as part of the AFP's 2010-11 annual report. This reduction was effective in 2011-12, but the amounts were reflected in Table A in the 2010-11 financial statements in the column 'Appropriations reduced' as they were adjustments to 2010-11 appropriations.

² Amount required as per Appropriation Act (Act 1 s. 11; Act 2 s. 12).

³ Total amount appropriated in 2010-11.

⁴ Total reduction effective in 2011-12.

Notes to and forming part of the financial statements

Note 24: Special Accounts (continued)

¹ Appropriation: *Financial Management and Accountability Act 1997* section 21.

Establishing Instrument: Financial Management and Accountability (Establishment of Special Account for Australian Federal Police) Determination 2011/03.
Date Established: 15 June 2011

Purpose: For the receipt of amounts temporarily held in trust or otherwise for the benefit of a person other than the Commonwealth, for the payment of amounts in connection with services performed on behalf of other governments and non-agency bodies and for expenditure relating to providing secretariat support in relation to the detection and prevention of money laundering in the Asia Pacific region and carrying out activities that are incidental to this purpose.

² Appropriation: *Financial Management and Accountability Act 1997* section 21.

Establishing Instrument: *Financial Management and Accountability Act 1997* section 20.

Purpose: For the receipt of amounts temporarily held in trust or otherwise for the benefit of a person other than the Commonwealth.

³ Appropriation: *Financial Management and Accountability Act 1997* section 21.

Establishing Instrument: *Financial Management and Accountability Act 1997* section 20.

Purpose: For the payment of amounts in connection with services performed on behalf of other governments and non-agency bodies.

⁴ Appropriation: *Financial Management and Accountability Act 1997* section 21.

Establishing Instrument: *Financial Management and Accountability Act 1997* section 20.

Purpose: For expenditure relating to providing secretariat support in relation to the detection and prevention of money laundering in the Asia Pacific region and carrying out activities that are incidental to this purpose.

On the 22nd of June 2011 the balances of the 'Other Trust Moneys', the 'Services for Other Governments and Non-Agency Bodies' and the 'Asia Pacific Group on Money Laundering' special accounts were transferred to a new type of special account called the 'Services for Other Entities and Trust Moneys' special account (SOETM). This change occurred as a result of the Department of Finance and Deregulation's recommendation that the AFP review and reclassify its special accounts, as considered appropriate.

Note 24B: Compliance with Statutory Conditions for Payments from the Consolidated Revenue Fund

Section 83 of the Constitution provides that no amount may be paid out of the Consolidated Revenue Fund except under an appropriation made by law. The Department of Finance and Deregulation (DoFD) provided information to all agencies in 2011 regarding the risks of non-compliance with statutory conditions on payments from special appropriations, including special accounts. The possibility of this being an issue for the AFP was reported in the notes to the 2010-11 financial statements and the AFP undertook to investigate the issue during 2011-12.

During 2011-12 the AFP assessed the potential risk of non-compliance with s83 of the Constitution from payments from the AFP's Services for Other Entities and Trust Moneys Special Account (SOETM). The AFP concluded that this risk was low, as payments from the SOETM are not required to meet any statutory or other preconditions.

While the risk of making payments in breach of s83 was assessed as low, the AFP undertook a comprehensive testing regime to ensure that systems and controls were effective in mitigating any potential non-compliance of s83.

The results of the testing did not reveal any control weaknesses or non-compliance of s83.

Notes to and forming part of the financial statements

	2012	2011
	\$	\$
Note 25: Compensation and Debt Relief		
Compensation and Debt Relief - Departmental		
No 'Act of Grace' expenses were expended during the reporting period. (2011: Nil)	-	-
None of the above expenses were paid on a periodic basis. (2011: Nil)	-	-
No waiver of an amount owing to the Australian Government was made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> . (2011: Nil)	-	-
Two payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period. (2011: Nil)	1,801	-
No ex-gratia payments were provided for during the reporting period. (2011: Nil)	-	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the <i>Public Service Act 1999</i> (PS Act) during the reporting period. (2011: Nil)	-	-
Compensation and Debt Relief - Administered		
No 'Act of Grace' expenses were expended during the reporting period. (2011: Nil)	-	-
None of the above expenses were paid on a periodic basis. (2011: Nil)	-	-
No waiver of an amount owing to the Australian Government was made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> . (2011: Nil)	-	-
Two payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period. (2011: Nil)	-	-
No ex-gratia payments were provided for during the reporting period. (2011: Nil)	-	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the <i>Public Service Act 1999</i> (PS Act) during the reporting period. (2011: Nil)	-	-

Notes to and forming part of the financial statements

Note 26: Reporting of Outcomes

Note 26A: Net Cost of Outcome Delivery

The AFP uses an activity based costing approach to determine the attribution of its shared items. The basis of attribution in the table below is consistent with the basis used for the budget and where possible actuals are used.

	Outcome 1		Outcome 2		Total	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Departmental						
Expenses	(1,258,070)	(1,240,611)	(152,374)	(146,724)	(1,410,444)	(1,387,335)
Own-sourced income	137,982	130,499	148,887	146,300	286,869	276,799
Administered						
Expenses	(44,136)	(38,121)	-	-	(44,136)	(38,121)
Own-sourced income	198	-	-	-	198	-
Net contribution/(cost) of outcome delivery	(1,164,026)	(1,148,233)	(3,487)	(424)	(1,167,513)	(1,148,657)

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.

Notes to and forming part of the financial statements

Note 26B: Major Classes of Departmental Expense, Income, Assets and Liabilities by Outcomes

	Outcome 1		Outcome 2		Total	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Expenses:						
Employee	770,788	748,610	103,588	108,926	874,376	857,536
Supplier	393,380	412,296	45,744	33,678	439,124	445,974
Depreciation and amortisation	87,925	78,741	3,017	4,105	90,942	82,846
Other	5,976	964	26	15	6,002	979
Total	1,258,069	1,240,611	152,375	146,724	1,410,444	1,387,335
Income:						
Income from government	1,002,119	1,017,804	-	-	1,002,119	1,017,804
Goods and services	134,347	126,919	143,208	140,820	277,555	267,739
Other	3,635	3,580	5,679	5,480	9,314	9,060
Total	1,140,101	1,148,303	148,887	146,300	1,288,988	1,294,603
Assets						
Cash and cash equivalents	10,152	18,643	15	71	10,167	18,714
Trade and other receivables	425,903	423,751	19,773	18,963	445,676	442,714
Other financial assets	8,377	10,461	16	-	8,393	10,461
Land and buildings	249,177	229,662	5,306	2,996	254,483	232,658
Infrastructure, plant and equipment	131,614	138,922	9,841	10,092	141,455	149,014
Intangibles	48,118	48,366	212	460	48,330	48,826
Inventories	6,792	8,484	713	263	7,505	8,747
Other non-financial assets	12,563	11,340	154	154	12,717	11,494
Total	892,696	889,629	36,030	32,999	928,726	922,628
Liabilities						
Suppliers	(90,691)	(71,158)	(1,872)	(964)	(92,563)	(72,122)
Other payables	(35,674)	(35,086)	(3,699)	(2,328)	(39,373)	(37,414)
Employee provisions	(235,137)	(201,744)	(30,899)	(26,640)	(266,036)	(228,384)
Other provisions	(14,174)	(8,416)	(796)	(42)	(14,970)	(8,458)
Total	(375,676)	(316,404)	(37,266)	(29,974)	(412,942)	(346,378)

Outcomes 1 and 2 are described in Note 1.1. Net costs shown include intra-government costs that were eliminated in calculating the actual budget outcome.

Notes to and forming part of the financial statements

Note 26C: Major Classes of Administered Expenses, Income, Assets and Liabilities

	Outcome 1		Total	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Expenses				
Supplier expense	43,964	38,121	43,964	38,121
Write-down and impairment of assets	172	-	172	-
Total	44,136	38,121	44,136	38,121
Income				
Court fees, fines and penalties	198	-	198	-
Total	198	-	198	-
Assets				
Cash	341	1,108	341	1,108
Receivables	79	72	79	72
Prepayments	-	12	-	12
Total	420	1,192	420	1,192
Liabilities				
Suppliers payable	1,180	3,920	1,180	3,920
Total	1,180	3,920	1,180	3,920

Outcomes 1 and 2 are described in Note 1.1.

Notes to and forming part of the financial statements

	2012	2011
	\$'000	\$'000
Note 27: Net Cash Appropriation Arrangements		
Total comprehensive (loss) less depreciation/amortisation expenses previously funded through revenue appropriations¹	(24,798)	(7,483)
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<u>(90,942)</u>	<u>(82,846)</u>
Total Comprehensive (loss) - as per the Statement of Comprehensive Income	<u>(115,740)</u>	<u>(90,329)</u>

¹: From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expense ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.



Appendix A: Corporate integrity

TABLE A1: COMPLAINTS SUBMITTED DURING 2011–12, BY CATEGORY

TOTAL AFP	TOTAL COMPLAINTS	CODINGS WITH COMPLAINTS
Category 1	100	183
Category 2	290	485
Category 3	223	373
Corruption issues	26	29
Totals	639	1070
OUTCOME 1	TOTAL COMPLAINTS	CODINGS WITH COMPLAINTS
Category 1	37	71
Category 2	200	333
Category 3	150	249
Corruption issues	23	25
Totals	410	678
OUTCOME 2	TOTAL COMPLAINTS	CODINGS WITH COMPLAINTS
Category 1	63	112
Category 2	90	152
Category 3	73	124
Corruption issues	3	4
Totals	229	392

Notes

Codings are individual issues identified within a complaint.

Multiple codings may be applied where two or more complaint issues are identified from information supplied by a complainant or where two or more members are subject to the complaint.

TABLE A2: COMPLAINTS SUBMITTED DURING 2011–12, BY SOURCE

SOURCE	TOTAL COMPLAINTS	PERCENTAGE
Anonymous member of the public	17	3%
Member of the public	274	43%
Reporting another AFP member	317	49%
Self-reported	31	5%
Totals	639	100%

TABLE A3: STATUS OF COMPLAINTS AS AT 30 JUNE 2012

	FINALISED	OUTSTANDING
Category 1	108	19
Category 2	339	100
Category 3	582	258
Corruption issues	47	46
Totals	1076	423

Notes

This table includes matters reported before 1 July 2011 that had not been finalised prior to that date.

TABLE A4: FINALISED COMPLAINTS DURING 2011–12, BY CATEGORY AND FINDING

TOTAL AFP	ESTABLISHED	NOT ESTABLISHED	DISCRETION NOT TO PROCEED	WITHDRAWN
Category 1	33	146	81	2
Category 2	278	331	139	32
Category 3	310	514	349	14
Corruption issues	0	38	27	1
Totals	621	1029	596	49

* Discretion not to proceed is subject to provisions of s. 40SA or s. 40TF of the *Australian Federal Police Act 1979*. For example, appropriate action has been taken or further investigation is determined to be not warranted or the complainant knew of the alleged issue for more than 12 months before reporting.

CHART A1: TOTAL AFP FINDINGS, 2011–12

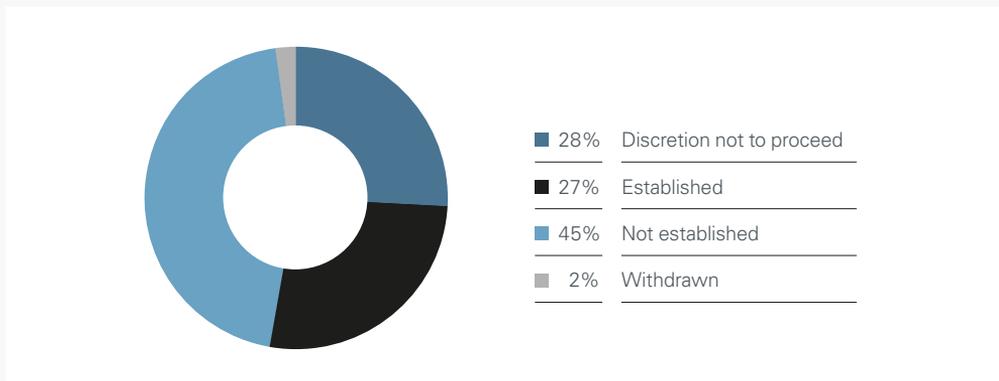


TABLE A5: MOST COMMON ESTABLISHED CONDUCT ISSUES FOR THE AFP DURING 2011–12

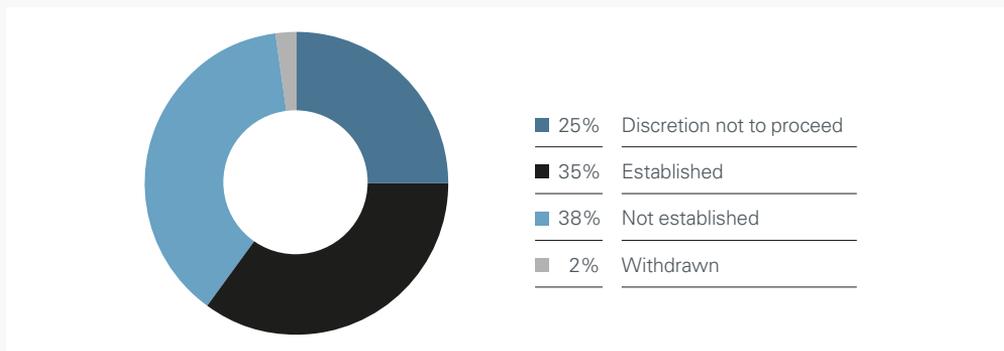
ISSUE	NUMBER ESTABLISHED
Serious breach of the AFP Code of Conduct	124
Breach of the AFP Code of Conduct	80
Failure to comply with direction or procedure	63
Serious breach of directions or procedures	54
Supervision failure	40
Diligence failure	40
Criminal conduct	20
Inappropriate behaviour	19
Information access	17
Minor breach of the AFP Code of Conduct	15
Information misuse	15
False information/statement	15
Misuse of authority	15

TABLE A6: FINALISED COMPLAINTS FOR OUTCOME 1, BY CATEGORY AND FINDING, DURING 2011–12

OUTCOME 1	ESTABLISHED	NOT ESTABLISHED	DISCRETION NOT TO PROCEED*	WITHDRAWN
Category 1	24	66	29	2
Category 2	236	210	85	12
Category 3	277	276	243	9
Corruption issues	0	31	26	1
Totals	537	583	383	24

* Discretion not to proceed is subject to provisions of s. 40SA or s. 40TF of the *Australian Federal Police Act 1979*. For example, appropriate action has been taken or further investigation is determined to be not warranted or the complainant knew of the alleged issue for more than 12 months before reporting.

CHART A2: OUTCOME 1 FINDINGS, 2011–12



Notes

This chart only includes matters where the case is finalised.

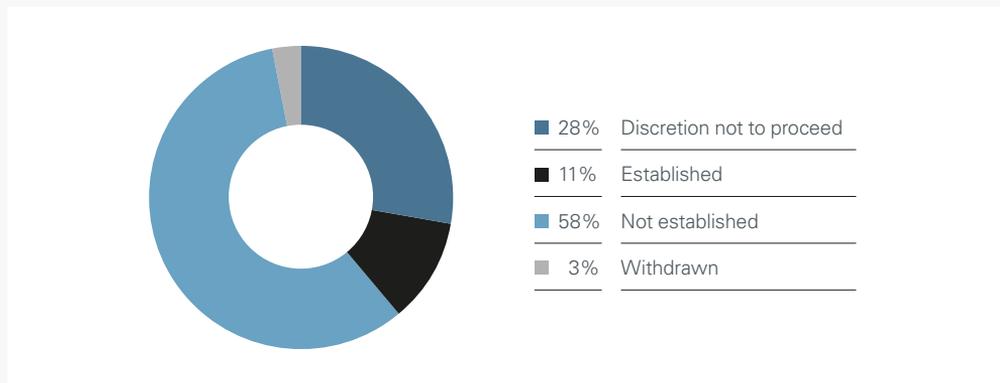
This chart includes matters reported before 1 July 2011.

TABLE A7: FINALISED COMPLAINTS FOR OUTCOME 2, BY CATEGORY AND FINDING, DURING 2011–12

OUTCOME 2	ESTABLISHED	NOT ESTABLISHED	DISCRETION NOT TO PROCEED*	WITHDRAWN
Category 1	9	80	52	0
Category 2	42	121	54	20
Category 3	33	238	106	5
Corruption issues	0	7	1	0
Totals	84	446	213	25

* Discretion not to proceed is subject to provisions of s. 40SA or s. 40TF of the *Australian Federal Police Act 1979*. For example, appropriate action has been taken or further investigation is determined to be not warranted or the complainant knew of the alleged issue for more than 12 months before reporting.

CHART A3: OUTCOME 2 FINDINGS, 2011–12



Notes

This chart includes only matters where the case is finalised.

This chart includes matters reported before 1 July 2011.

TABLE A8: PROHIBITED DRUG TESTS CONDUCTED DURING 2011–12

CATEGORY	2010–11	2011–12
Mandatory applicant testing	817	315
Mandatory targeted testing	4292	4595
Mandatory investigation and certain incident testing	25	9
Totals	5134	4919

Note: AFP complaint data is extracted from a real-time system and is subject to change on a daily basis. Data is accurate as at 30 June 2012.

Appendix B: Advertising and market research

During 2011–12 the AFP conducted advertising campaigns for National Missing Person’s Week, International Missing Children’s Day and Day for Daniel. The AFP also conducted recruitment campaigns for national, ACT Policing and Protection vacancies.

Further information is available in the reports on Australian Government advertising that are prepared by the Department of Finance and Deregulation. Those reports are available at <http://www.finance.gov.au/advertising/index.html>.

The AFP spent a total of \$252 916 on advertising in 2011–12. Of the total expenditure on advertising, \$46 594 was non-campaign advertising. In addition, the AFP paid \$206 189 to Universal McCann for campaign advertising, \$133 to Free TV and \$29 955 on research evaluating the 2011 National Missing Person’s Week campaign.

TABLE B1: MEDIA COSTS DURING 2011–12

VENDOR	AMOUNT (\$)
Universal McCann	206 189.00
Free TV	133.00
Ad Corp	43 924.00
Australian Peacekeeper Magazine	1 900.00
Australian Government Directory	770.00
Colmar Brunton	29 955.00

Appendix C: Human resources statistics

TABLE C1: ONGOING, NON-ONGOING AND CASUAL STAFF AS AT 30 JUNE 2012

SWORN STATUS AND EMPLOYMENT GROUP	2011–12	2010–11	DIFFERENCE
Sworn police permanent full-time	3218	3115	103
Sworn police permanent part-time	101	100	1
Sworn police temporary full-time	1	1	0
Sworn police temporary part-time	1	0	1
Sworn police casual	0	1	-1
AFP sworn police total	3321	3217	104
Sworn protective service officer permanent full-time	834	1064	-230
Sworn protective service officer permanent part-time	2	2	0
Sworn protective service officer temporary full-time	0	0	0
Sworn protective service officer temporary part-time	0	0	0
Sworn protective service officer casual	0	0	0
Sworn protective service officer seconded paid	0	0	0
AFP protective service officer total	836	1066	-230
Unsworn permanent full-time	2101	2284	-183
Unsworn permanent part-time	201	198	3
Unsworn temporary full-time	42	85	-43
Unsworn temporary part-time	12	14	-2
Unsworn casual	20	24	-4
AFP unsworn total	2376	2605	-229
Asia–Pacific Group permanent full-time	9	8	1
Asia–Pacific Group temporary full-time	1	2	-1
Asia–Pacific Group AFP unsworn total	10	10	0
Grand total	6543	6898	-355

Note: Australian Institute of Police Management staff are included in the broader AFP numbers.

TABLE C2: AFP SENIOR EXECUTIVE (SUBSTANTIVE STAFF), 2011–12

EXECUTIVE	MANAGEMENT	AFP SWORN POLICE	AFP UNSWORN	TOTAL
Program 1.1 National Security – Policing				
Deputy Commissioner National Security	Counter Terrorism	3		3
	Protection	2	1	3
	Aviation	6	1	7
Program 1.2 International Deployments				
Deputy Commissioner National Security	IDG	7		7
Total		18	2	20
Program 1.3 Operations – Policing				
Deputy Commissioner Operations	Serious & Organised Crime	6		6
	Crime Operations	4		4
	Sydney	1		1
	Melbourne	1		1
	Perth	1		1
	Brisbane	1		1
Total		14	0	14
Program 1.4 Close Operations Support				
Deputy Commissioner Close Operations Support	Operations Support	4	1	5
	Intelligence	5		5
	Forensic & Data Centres	2	2	4
	High-Tech Crime Ops	2	1	3
	Legal Services		1	1
	Proceeds of Crime Litigation		1	1
Total		13	6	19
Office of the Commissioner	Commissioner's Office	4	1	5
Total		4	1	5
Asia-Pacific Group			2	2
Total			2	2
Chief Operating Officer	Human Resources*	2	6	8
	Finance and Commercial		5	5
	Policy and Governance	1	5	6
	Information & Communications Technology	1	3	4
Total		4	19	23
Outcome 2 ACT Community Policing				
Chief Police Officer – ACT	ACT Policing	3	1	4
Total		3	1	4
Grand total		56	31	87

* Human Resources includes Australian Institute of Police Management senior executive.

TABLE C3: AFP SENIOR EXECUTIVE PERFORMANCE BONUS PAYMENTS, 2011–12

	AMOUNT \$	NUMBER
SES 3	118 656.00	4
SES 2	244 459.51	18
SES 1	530 996.96	64
Total	890 522.02	86

Note: These performance bonuses were paid during the 2011–12 financial year and relate to performance during the 2011–12 financial year. While there were 86 SES staff during the 2011–12 financial year, only 80 received a performance bonus.

TABLE C4: AFP GEOGRAPHICAL DISTRIBUTION, 2011–12

State	AFP SWORN POLICE			AFP PROTECTIVE SERVICE OFFICER			AFP UNSWORN			ASIA–PACIFIC GROUP AFP UNSWORN			TOTAL
	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Australian Capital Territory	347	1103	1450	36	291	327	1083	746	1829	0	0	0	3606
Commonwealth territories	7	34	41	0	11	11	8	7	15	0	0	0	67
New South Wales	107	409	516	14	219	233	102	94	196	4	6	10	955
Northern Territory	12	30	42	4	49	53	4	1	5	0	0	0	100
Overseas post	46	295	341	0	8	8	40	28	68	0	0	0	417
Queensland	59	257	316	3	28	31	49	37	86	0	0	0	433
South Australia	15	60	75	1	5	6	10	3	13	0	0	0	94
Tasmania	5	17	22	0	4	4	1	2	3	0	0	0	29
Victoria	102	277	379	4	72	76	58	51	109	0	0	0	564
Western Australia	17	122	139	8	79	87	33	19	52	0	0	0	278
Total	717	2604	3321	70	766	836	1388	988	2376	4	6	10	6543

TABLE C5: YEARS OF SERVICE AT 30 JUNE 2012

SERVICE GROUP	YEARS									Total	
	<1	1–5	6–10	11–15	16–20	21–25	26+	26+	3		
Sworn status											
AFP sworn police											
Executive											
Office of the Commissioner											
Chief Operating Officer	42	27	36	34	11	31	26	207			
Deputy Commissioner Close Operations Support		64	104	87	27	66	73	421			
Deputy Commissioner National Security	2	504	372	151	30	120	138	1317			
Deputy Commissioner Operations		182	155	118	24	82	86	647			
Chief Police Officer – ACT		311	219	73	11	43	63	720			
AFP sworn police total	44	1088	887	465	103	345	389	3321			
AFP protective service officer											
Chief Operating Officer		15	1	1	1	3	1	21			
Deputy Commissioner Close Operations Support		5	14	3			1	23			
Deputy Commissioner National Security	61	206	344	61	45	56	15	788			
Deputy Commissioner Operations			2					2			
Chief Police Officer – ACT		1	1					2			
AFP protective service officer total	61	212	376	65	46	59	17	836			
AFP unsworn											
Office of the Commissioner		4	1	2				7			
Chief Operating Officer	48	451	212	49	16	21	15	812			
Deputy Commissioner Close Operations Support	24	441	210	72	17	22	9	795			
Deputy Commissioner National Security	3	170	103	23	11	7	8	325			
Deputy Commissioner Operations	1	109	59	29	12	13	5	228			
Chief Police Officer – ACT	16	124	46	14	4	3	2	209			
AFP unsworn total	92	1299	631	189	60	66	39	2376			
Asia-Pacific Group AFP unsworn total	1	5	4					10			
Total	198	2604	1898	719	209	470	445	6543			

Note: The Chief Operating Officer portfolio includes sworn recruits at the college, Graduates/Indigenous Directions Program staff and the Australian Institute of Police Management.

TABLE C6: AFP WORKFORCE COMPOSITION, 2011–12

	AFP SWORN POLICE			AFP PROTECTIVE SERVICE OFFICER			AFP UNSWORN			ASIA–PACIFIC GROUP AFP UNSWORN			TOTAL
	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Band 1	0	0	0	0	0	0	0	2	2	0	0	0	2
Band 2	45	200	245	24	149	173	54	25	79	0	0	0	497
Band 3	165	558	723	26	387	413	320	197	517	0	0	0	1653
Band 4	176	517	693	11	103	114	389	187	576	1	0	1	1384
Band 5	128	552	680	2	98	100	144	74	218	1	1	2	1000
Band 6	44	111	155	1	3	4	191	163	354	0	0	0	513
Band 7	114	427	541	5	11	16	155	130	285	1	1	2	844
Band 8	7	54	61	0	11	11	76	102	178	0	0	0	250
Casual	0	0	0	0	0	0	6	14	20	0	0	0	20
Executive	29	138	167	1	4	5	45	73	118	1	2	3	293
Statutory office holders	0	4	4	0	0	0	0	0	0	0	0	0	4
Senior Executive Service	9	43	52	0	0	0	8	21	29	0	2	2	83
Total	717	2604	3321	70	766	836	1388	988	2376	4	6	10	6543

TABLE C7: OUTPOSTING TO OTHER AGENCIES AND POLICE SERVICES, SECONDMENTS, TERRITORIES POLICING AND PEACEKEEPING

BASE SALARY GROUP	0(i)	1	2	3	4	5	6	7	8	9	SES	TOTAL
Attorney General's Department												
Brisbane								1				1
Attorney General's Department total								1				1
Australia New Zealand Policing Advisory Agency												
Melbourne								1				1
Australia New Zealand Policing Advisory Agency total								1				1
Australian Crime Commission												
Adelaide							1					1
Perth					1							1
Sydney				1								1
Canberra						1						1
Australian Crime Commission total					2	2						4
Australian Defence Force Investigative Service												
Canberra								1				1
Australian Defence Force Investigative Service total								1				1
Australian Federal Police Association												
Canberra								1	1			2
Australian Federal Police Association total								1	1			2
Centrelink												
Adelaide							1					1
Brisbane							2					2
Canberra (Tuggeranong)						1						1
Darwin						0						0
Hunter Region (NSW)						1						1

BASE SALARY GROUP	0(1)	1	2	3	4	5	6	7	8	9	SES	TOTAL
Melbourne							3					3
Perth							1					1
Sydney							2					2
Townsville							1					1
Centrelink total						12						12
Centre of Excellence in Policing and Security												
Canberra									1			1
Centre of Excellence in Policing and Security total									1			1
Department of Climate Change and Energy Efficiency												
Canberra								1				1
Department of Climate Change and Energy Efficiency total								1				1
Department of Foreign Affairs and Trade												
Sydney							1					1
Department of Foreign Affairs and Trade Total							1					1
Department of the Prime Minister & Cabinet												
Canberra										1		1
Department of the Prime Minister & Cabinet										1		1
External territories												
Jervis Bay				3				1				4
Christmas Island			3		4							10
Op Eton (support to DIAC and community policing)			4	11	6	8	1	3				33
Cocos Island			2		1			1				4
Norfolk Island					2	1		1				4
External territories total		5	4	17	13	9	1	6				55

BASE SALARY GROUP	0(1)	1	2	3	4	5	6	7	8	9	SES	TOTAL
International												
Police adviser UNHQ (New York)										1		
International total										1		1
Northern Territory Police												
NT CAT				3	3							
Northern Territory Police total				3	3							6
National Threat Assessment Centre												
Canberra							2					2
National Threat Assessment Centre total							2					2
Stability/capacity building												
Afghanistan			2	7	1	11	1	5	1			28
Cambodia												0
Cyprus			3	9		2				1		15
Timor-Leste – UN			2	7	27	1	11			1		49
Timor-Leste – TLPDP			1	2	19	1	6	1	2	1		33
Nauru					1					1		2
Papua New Guinea			1	6	1	5		3				16
Samoa						2				1		3
RAMSI (Solomon Islands)		4		6	18	53	6	25	6	10	1	129
Sudan			1	1	5	1	1			1		10
Tonga							1		1	1		3
Vanuatu												0
Stability/capacity building total		4	10	34	126	12	64	9	26	3		288

(1) Casual staff with no base salary recorded

Appendix D: Resource statement and resources for outcomes

TABLE D1: AGENCY RESOURCE STATEMENT 2011–12

	ACTUAL AVAILABLE APPROPRIATION FOR		PAYMENTS MADE		BALANCE REMAINING	
	2011–12	2011–12	2011–12	2011–12	2011–12	2011–12
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	(a)	(b)	(a)	(b)	(a)–(b)	(a)–(b)
Ordinary annual services¹						
Departmental appropriation ²	1,550,700		1,292,425		258,275	
Total	1,550,700		1,295,425		258,275	
Administered expenses						
Outcome 1 ³	47,921		46,735			
Total	47,921		46,735			
Total ordinary annual services	A	1,598,621	1,342,160			
Other services⁴						
Departmental non-operating						
Equity injections	221,728		50,266		171,462	
Total	221,728		50,266		171,462	
Total other services	B	221,728	50,266			
Total available annual appropriations and payments		1,820,821	1,389,426			
Special accounts⁵						
Opening balance		9,153				
Appropriation receipts ⁶		1,551				
Non-appropriation receipts to:						
special accounts		11,768				
payments made				16,612		
Total special account	C				5,859	

	ACTUAL AVAILABLE APPROPRIATION FOR 2011–12 \$'000	PAYMENTS MADE 2011–12 \$'000	BALANCE REMAINING 2011–12 \$'000
Total resourcing and payments			
A+B+C	1,842,821	1,406,038	
Less appropriations drawn from annual or special appropriations above and credited to special accounts	(1,551)	(1,551)	
Total net resourcing and payments for agency	1,841,270	1,404,487	

1 Appropriation Bill (No. 1) 2011–12 and Appropriation Bill (No. 3) 2011–12 This includes s. 31 relevant agency receipts.

2 Includes an amount of \$53.698 m. in 2011–12 for the Departmental Capital Budget.
For accounting purposes this amount has been designated as 'contributions by owners'.

3 Appropriation Bill (No. 1) 2011–12 and Appropriation Bill (No. 3) 2011–12. This includes retained prior year administered appropriations and is adjusted for the reduction of 2011–12 administered appropriations, which occurs on tabling of the 2011–12 annual report in parliament.

4 Appropriation Bill (No. 2) 2011–12 and Appropriation Bill (No. 4) 2011–12.
This also includes available equity appropriations from previous years.

5 Does not include 'Special Public Money' held in accounts like Other Trust Monies accounts, Services for other Government and Non-agency Bodies accounts, or Services for Other Entities and Trust Monies Special accounts.

6 Appropriation receipts from annual departmental appropriations for 2011–12 included above.

EXPENSES AND RESOURCES FOR OUTCOME 1

Outcome 1: Reduced criminal and security threats to Australia's collective economic and societal interests through cooperative policing services	Budget*	Actual expenses	Variation
	2011–12 \$'000	2011–12 \$'000	\$'000
	(a)	(b)	(a)–(b)
Program 1.1: National Security – Policing			
Departmental expenses			
Departmental appropriation ¹	341,736	339,600	2,136
Special accounts	1,613	1,678	(65)
Expenses not requiring appropriation in the budget year	34,086	30,019	4,067
Total for Program 1.1	377,435	371,297	6,138
Program 1.2: International Deployments			
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1)	36,595	33,787	2,808
Departmental expenses			
Departmental appropriation ¹	286,864	298,382	(11,518)
Special accounts	978	1,009	(31)
Expenses not requiring appropriation in the budget year	27,711	24,404	3,307
Total for Program 1.2	352,148	357,582	(5,434)

EXPENSES AND RESOURCES FOR OUTCOME 1			
Outcome 1: Reduced criminal and security threats to Australia's collective economic and societal interests through cooperative policing services	Budget*	Actual expenses	Variation
	2011–12 \$'000	2011–12 \$'000	\$'000
	(a)	(b)	(a)–(b)
Program 1.3: Operations – Policing			
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1)	7,913	7,825	88
Expenses not requiring appropriation in the budget year ²	–	172	(172)
Departmental expenses			
Departmental appropriation ¹	249,043	242,632	6,411
Special accounts	3,438	3,560	(122)
Expenses not requiring appropriation in the budget year	16,684	14,693	1,991
Total for Program 1.3	277,078	268,882	8,196
Program 1.4: Close Operational Support			
Administered expenses			
Ordinary annual services (Appropriation Bill No.1)	2,352	2,352	–
Departmental expenses			
Departmental appropriation ¹	245,974	278,036	(32,062)
Special accounts	1,227	1,279	(52)
Expenses not requiring appropriation in the budget year	25,864	22,778	3,086
Total for Program 1.4	275,417	304,445	(29,028)
Outcome 1 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1)	46,860	43,964	2,896
Expenses not requiring appropriation in the budget year ²	–	172	(172)
Departmental expenses			
Departmental appropriation ¹	1,123,617	1,158,650	(35,033)
Special accounts	7,256	7,526	(270)
Expenses not requiring appropriation in the budget year	104,345	91,894	12,451
Total expenses for Outcome 1	1,282,078	1,302,206	(20,128)
	2010–11	2011–12	
Average staffing level (number)	5,769	5,433	

*Full year budget, including any subsequent adjustment made to the 2011–12 Budget.

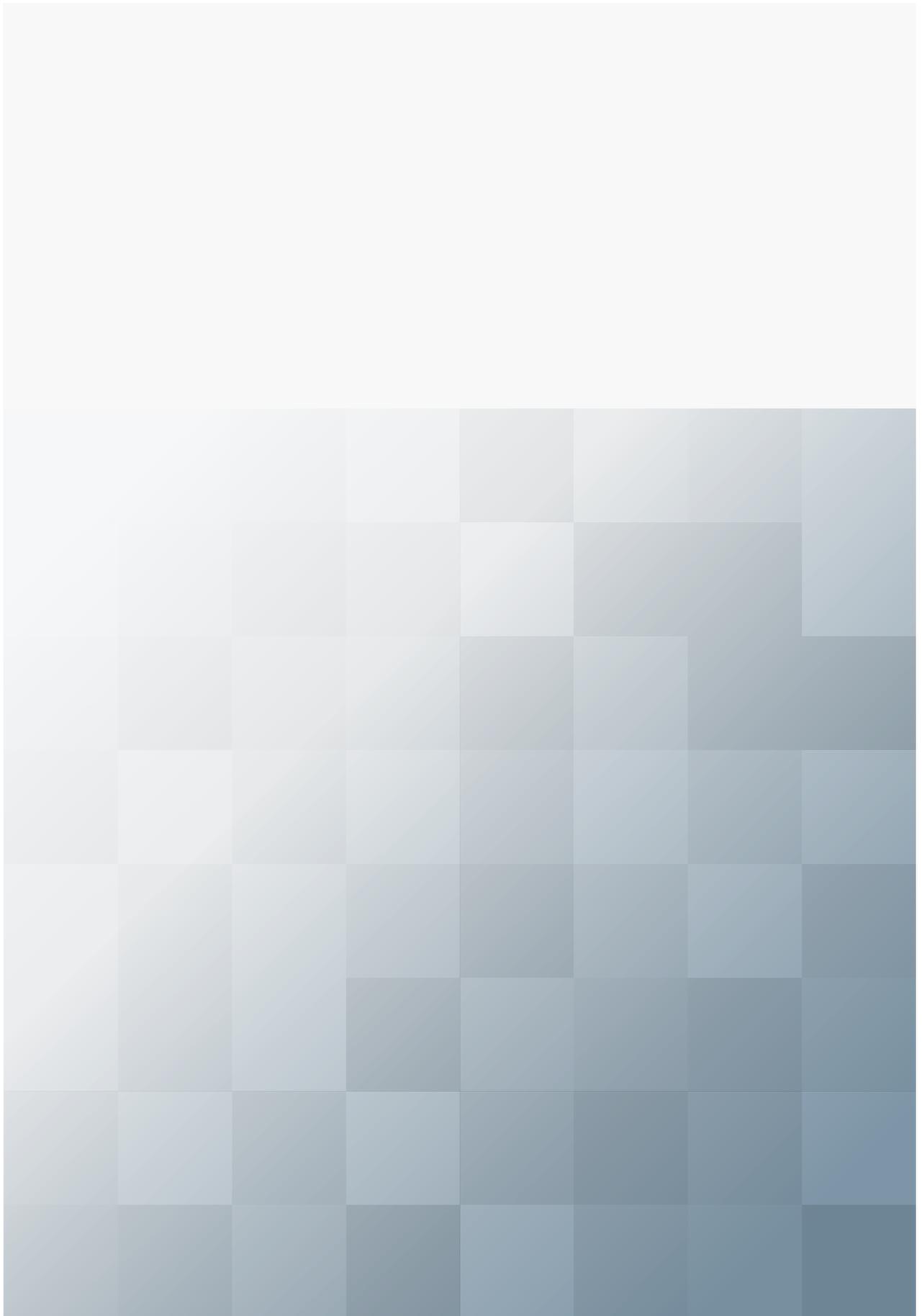
- 1 Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s. 31)'.
- 2 Administered expenses not requiring appropriation relates to the Provision for Bad and Doubtful Debts collected by AFP on Behalf of the Commonwealth.

EXPENSES AND RESOURCES FOR OUTCOME 2			
Outcome 2: A safe and secure environment through policing activities on behalf of the Australian Capital Territory Government	Budget*	Actual expenses	Variation
	2011–12 \$'000	2011–12 \$'000	2011–12 \$'000
	(a)	(b)	(a)–(b)
Program 2.1: ACT Community Policing			
Departmental expenses			
Departmental appropriation ¹	142,492	143,679	(1,187)
Expenses not requiring appropriation in the Budget year	7,415	8,696	(1,281)
Total expenses for Outcome²	149,907	152,375	(2,468)

	2010–11	2011–12
Average staffing level (number)	963	967

* Full-year budget, including any subsequent adjustment made to the 2011–12 Budget.

¹ Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s. 31)'.



09

GUIDES



Compliance index

PAGE	DESCRIPTION	REQUIREMENT
iii	Letter of transmittal	Mandatory
v	Table of contents	Mandatory
196	Index	Mandatory
192	Glossary	Mandatory
ii	Contact officer	Mandatory
ii	Internet home page address and internet address for report	Mandatory
Review by Commissioner		
1–6	Review by Commissioner	Mandatory
2–5	Summary of significant issues and developments	Suggested
2–3	Overview of department's performance and financial results	Suggested
5–6	Outlook for following year	Suggested
n.a.	Significant issues and developments – portfolio	Portfolio departments – suggested
Agency overview		
10	Role and functions	Mandatory
15	Organisational structure	Mandatory
13	Outcome and program structure	Mandatory
n.a.	Where outcome and program structures differ from Portfolio Budget Statements (PBS), Portfolio Additional Estimates Statements (PAES) or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory
n.a.	Portfolio structure	Portfolio departments – mandatory
Report on performance		
18, 21, 22, 23, 25	Review of performance during the year in relation to programs and contribution to outcomes	Mandatory
19–20, 21, 23, 24	Actual performance in relation to deliverables and key performance indicators set out in PBS, PAES or other portfolio statements	Mandatory
n.a.	Where performance targets differ from the PBS/PAES, details of both former and new targets, and reasons for the change	Mandatory
27–70	Narrative discussion and analysis of performance	Mandatory
5–6, 32	Trend information	Mandatory

PAGE	DESCRIPTION	REQUIREMENT
n.a.	Significant changes in nature of principal functions/services	Suggested
n.a.	Performance of purchaser/provider arrangements	If applicable, suggested
5	Factors, events or trends influencing departmental performance	Suggested
14, 86–87	Contribution of risk management in achieving objectives	Suggested
79–80	Social inclusion outcomes	If applicable, mandatory
87–89,	Performance against service charter customer service standards, complaints data, and the department's response to complaints	If applicable, mandatory
168–171	Performance against service charter customer service standards, complaints data, and the department's response to complaints	If applicable, mandatory
4, 49–50	Discussion of any significant changes from the prior year, from budget or anticipated to have a significant impact on future operations	Mandatory
181–184	Agency resource statement and summary resource tables by outcomes	Mandatory
Management and accountability		
Corporate governance		
iii	Agency heads are required to certify that their agency comply with the <i>Commonwealth fraud control guidelines</i>	Mandatory
3, 81, 85–91	Statement of the main corporate governance practices in place	Mandatory
15	Names of the Senior Executives and their responsibilities	Suggested
14, 86	Senior management committees and their roles	Suggested
81, 86–87	Corporate and operational planning and associated performance reporting and review	Suggested
86–87	Approach adopted to identifying areas of significant financial or operational risk	Suggested
87–90, 168–171	Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested
79	How nature and amount of remuneration for Senior Executive Service officers is determined	Suggested
External scrutiny		
87–91	Significant developments in external scrutiny	Mandatory
87	Judicial decisions and decisions of administrative tribunals	Mandatory
82–83, 87–89, 90–91	Reports by the Auditor-General, a Parliamentary Committee or the Commonwealth Ombudsman	Mandatory

PAGE	DESCRIPTION	REQUIREMENT
Management of human resources		
78–81	Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory
78, 79	Workforce planning, staff turnover and retention	Suggested
–	Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and Australian workplace agreements (AWAs)	Suggested
78–79, 80	Training and development undertaken and its impact	Suggested
81	Work health and safety performance	Suggested
–	Productivity gains	Suggested
173–179	Statistics on staffing	Mandatory
5, 78	Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory
175	Performance pay	Mandatory
Assets management		
74, 75, 77	Assessment of effectiveness of assets management	If applicable, mandatory
Purchasing		
76	Assessment of purchasing against core policies and principles	Mandatory
Consultants		
76	The annual report must include a summary statement detailing the number of new consultancy services contracts let during the year, the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST), the number of ongoing consultancy contracts that were active in the reporting year and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The annual report must include a statement noting that information on contracts and consultancies is available through the AusTender website.	Mandatory
Australian National Audit Office Access Clauses		
76	Absence of provisions in contracts allowing access by the Auditor-General	Mandatory
Exempt contracts		
76	Contracts exempt from the AusTender	Mandatory
Financial statements		
93–166	Financial statements	Mandatory

PAGE	DESCRIPTION	REQUIREMENT
Other mandatory information		
80–81	Work health and safety Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>)	Mandatory
172	Advertising and Market Research (section 311A of the <i>Commonwealth Electoral Act 1918</i>) and statement on advertising campaigns	Mandatory
74	Ecologically sustainable development and environmental performance (section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	Mandatory
n.a.	Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory
86	Grant programs	Mandatory
79	Disability reporting – explicit and transparent reference to agency-level information available through other reporting mechanisms	Mandatory
83	Information Publication Scheme statement	Mandatory
n.a.	Correction of material errors in previous annual report	If applicable, mandatory
188–191	List of requirements	Mandatory

Glossary

All-In Model	a single federal model for the delivery of nationally coordinated aviation policing and security arrangements at Australia's major airports
EUROPOL	the law enforcement agency of the European Union, which aims to help achieve a safer Europe by supporting the law enforcement agencies of European Union member states in their fight against international serious crime and terrorism
ContactNT	a cold and flu medicine produced in China that contains a huge amount of pseudoephedrine
Drug Harm Index	a performance measure which puts a dollar figure on the overall damage to the Australian community prevented by seizing drugs at the border
Estimated Financial Return	a performance measure of the economic impact on the Australian community of successful fraud investigations
G20	group of finance ministers and central bank governors from 20 major economies
iAspire	online learning system
INTERPOL	the world's largest international police organisation, with 188 member countries, which facilitates cross-border police cooperation and assists agencies to prevent or combat international crime
Project Macer	a project to facilitate the planning and implementation of the transition from the Unified Policing Model, consisting of a hybrid workforce, to the All-In Model, consisting of a sworn AFP police officer workforce which is flexibly deployable and which can respond to both community policing and counter-terrorist incidents
Program Jupiter	a federal government initiative to provide longterm aviation security facilities at Australian airports
Strategic Alliance Group	an international coalition of law enforcement agencies from the United Kingdom, the United States, Canada, New Zealand and Australia whose mission is to reduce the threat of global organised crime through collaboration and information sharing
ThinkUKnow	evening presentations delivered by trained AFP, Microsoft and ninemsn volunteers to parents, carers and teachers on how to keep kids safe online (supported by the website www.thinkuknow.org.au).

Shortened forms

4MMC	4-fluoroamphetamine
ABDC	Australian Bomb Data Centre
AC	Companion of the Order of Australia
ACLEI	Australian Commission for Law Enforcement integrity
ACT	Australian Capital Territory
ADF	Australian Defence Force
AFP	Australian Federal Police
AIDDC	Australian Illicit Drug Data Centre
AIPM	Australian Institute of Police Management
ANAO	Australian National Audit Office
ANP	Afghan National Police
ANZAC	Australian and New Zealand Army Corps
ATS	amphetamine-type stimulant
A&TSI	Aboriginal and Torres Strait Islander
AO	Officer of the Order of Australia
AOCC	AFP Operations Coordination Centre
APG	Asia–Pacific Group
ASEAN	Association of South-East Asian Nations
ASIO	Australian Security Intelligence Organisation
ATO	Australian Taxation Office
AUOP	Airport Uniformed Operations Police
AusAID	Australian Agency for International Development
AUSTRAC	Australian Transaction Reports and Analysis Centre
AWA	Australian workplace agreement
BAO	bomb appraisal officer
CAD	currency and drug
CARIN	Camden Asset Recovery Inter-Agency Network
CHOGM	Commonwealth Heads of Government Meeting
CIAG	Criminal Intelligence Advisory Group
CMG	Companion of the Order of St Michael and St George
CPP	close personal protection

CRAMS	Complaint Recording and Management System
Cth	Commonwealth
DNA	deoxyribonucleic acid
EL	executive level
EUROPOL	European Police Office
FBI	Federal Bureau of Investigation
FED	firearm and explosive detection
FIAT	Financial Intelligence Assessment Team
FOI	freedom of information
G20	Group of Twenty
GLBTI	gay, lesbian, bisexual, transgender and intersexual
GLLO	Gay and Lesbian Liaison Officer
GST	goods and services tax
HOCOLEA	Heads of Commonwealth Operational Law Enforcement Agencies
HR	Human Resources
HTCO	High Tech Crime Operations
HTT	Human Trafficking Team
ICCS	Incident Command and Control System
ICT	information and communications technology
IDG	International Deployment Group
IFA	individual flexibility arrangement
INP	Indonesian National Police
INTERPOL	International Criminal Police Organization
IPS	Information Publication Scheme
ISST	Identity Security Strike Team
JAIG	Joint Airport Intelligence Group
JAIT	Joint Airport Investigation Team
JCLEC	Jakarta Centre for Law Enforcement Cooperation
KLPD	Korps Landelijke Politiediensten (Dutch National Police Agency)
KPI	key performance indicator
LSD	lysergic acid diethylamide
MDMA	methylenedioxymethamphetamine
n.a.	not applicable
NATO	North Atlantic Treaty Organization

NCTC	National Counter-Terrorism Committee
NICC	national Intelligence Coordination Committee
NNCC	National Narcotics Control Commission (People's Republic of China)
OC	oleoresin capsicum (spray)
ORG	Operational Response Group
PAES	Portfolio Additional Estimates Statements
PBS	Portfolio Budget Statements
PNTL	Policia Nacional de Timor-Leste (East-Timor National Police)
PPDP	Pacific Police Development Program
PPF	Participating Police Force
PRC	People's Republic of China
PROMIS	Police Real-time Online Management Information System
PSM	Public Service Medal
PSO	protective service officer
PSST	People Smuggling Strike Team
RAMSI	Regional Assistance Mission to Solomon Islands
RMP	Royal Malaysian Police
RSIPF	Royal Solomon Islands Police Force
SES	Senior Executive Service
SIEV	suspected irregular entry vessel
SLG	Strategic Leaders' Group
SRG	Specialist Response Group
TEPI	Target Evaluation Priority Index
TIA Act	Telecommunications (Interception and Access) Act 1979
UN	United Nations
UNMIT	United Nations Integrated Mission in Timor-Leste

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