



**AFP**  
AUSTRALIAN FEDERAL POLICE

# ANNUAL REPORT 2015-16





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# ANNUAL REPORT 2015–16



ISSN 0728–4691

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10 October 2016

The Hon Michael Keenan MP  
Minister for Justice  
House of Representatives  
Parliament House  
Canberra ACT 2600

Dear Minister

I am pleased to submit the Australian Federal Police annual report for the period 1 July 2015 to 30 June 2016. This report includes:

- ▶ the annual report of the Australian Federal Police prepared in accordance with section 67 of the *Australian Federal Police Act 1979* and section 46 of the *Public Governance, Performance and Accountability Act 2013*
- ▶ the annual report about authorities for assumed identities pursuant to section 15LD(1) of the *Crimes Act 1914*
- ▶ the annual report on the National Witness Protection Program pursuant to section 30(2) of the *Witness Protection Act 1994*
- ▶ the annual report on unexplained wealth investigations and proceedings pursuant to section 179U of the *Proceeds of Crime Act 2002*.

This report has been prepared in accordance with the relevant acts and the Public Governance, Performance and Accountability Rule 2014. A copy of this report is to be presented to each House of Parliament on or before 31 October 2016.

In accordance with section 10 of the Public Governance, Performance and Accountability Rule 2014, I hereby certify that the Australian Federal Police has prepared fraud risk assessments and fraud control plans, and has in place appropriate fraud prevention, detection, investigation and reporting mechanisms. The Australian Federal Police is also taking all reasonable measures to minimise the incidence of fraud in the agency and to investigate and recover the proceeds of fraud against the agency.

Yours sincerely

Andrew Colvin APM OAM  
Commissioner

## AFP principal locations

### National Headquarters

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Adelaide SA 5000  
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Marrara NT 0812  
(08) 8980 1300

### Hobart Office

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Hobart Tas. 7000  
(03) 6230 1510

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### Perth Office

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West Perth WA 6005  
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Sydney South NSW 2000  
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# 1 Commissioner's review





AFP  
Commissioner  
Andrew Colvin

As the Australian Government’s law enforcement and policing agency and chief source of advice on policing issues, the AFP enforces Commonwealth criminal law with an emphasis on combating organised crime, countering terrorism and protecting Commonwealth interests from criminal activity in Australia and overseas.

Key to meeting these responsibilities is the AFP’s wide range of complex investigative, technical and support capabilities. These must be able to flexibly, effectively and efficiently prevent, disrupt and deter activity that spans, but is not limited to, the diverse priorities outlined in the Ministerial Direction 2014.

These capabilities must minimise the threats of such activity to the Australian community – locally, nationally and internationally – and be delivered in a complex environment characterised by increasing globalisation and technological advances.

As Commissioner, I have sought to ensure that the AFP develops and maintains organisational capabilities and capacities that are aligned with, and responsive to, this diverse and complex operating environment.

This ongoing alignment work continued throughout 2015–16, and included:

- ▶ transitioning to a new organisational structure that exploits synergies, minimises overlap and promotes collaboration and efficiency between and within the operational, capacity and capability elements of the AFP
- ▶ planning and investing in world-class technical and specialist capabilities, including transformational information and communications technology projects and a new forensics facility, providing platforms for more efficient operations into the future
- ▶ focusing on organisational inclusiveness, ensuring that the AFP continues to embrace community values and expectations and benefits from diversity, understanding and engagement in our workforce
- ▶ strengthening the protection and security regimes of the AFP to minimise the potential for harm from the ongoing high level of risk to police and law enforcement personnel of terrorist attack.

These initiatives continue to be complemented by the AFP Future Directions project. I have previously established this project to ensure that the AFP's capability approach maps to a future state that is aligned with government and stakeholder expectations. The AFP's outcomes against its 2015–16 key performance indicators (KPIs) provide a valuable context for this project as it progresses towards delivery in 2016–17.

It is important to acknowledge that during 2015–16 the AFP continued to perform strongly against its international, national security and criminal investigation KPI targets. The results in many areas are substantial and illustrate the ongoing value of the AFP's work to the government and Australian community in a wide range of areas.

The AFP actively focused on ensuring that the significant personal, economic and community harms that can be realised through terrorism-related events in Australia were minimised. This will remain a priority for the AFP but the annual report also illustrates the AFP's ongoing efforts and strong results across a much broader range of responsibilities, including drugs, fraud, protection, and international engagement and deployment.

While this is a diverse and challenging workload, these results were managed within less than two per cent variation from budget. However, the AFP did not meet two KPIs during the period and there has been some reduction against other KPIs. There are a number of factors that have contributed to these outcomes and it is important that the future state of the AFP, its capabilities, resources and KPIs are aligned.

The complexity of the AFP's operating environment makes defining this future state challenging but is also why it is vital to do so. We know that this environment will continue to change rapidly driven by technology, geopolitics, economics and ideology. Criminals will actively exploit opportunities and continue to challenge the capability of authorities. The AFP must show similar flexibility – adapting and evolving to meet the threat and minimise the harm to the community.

This will necessitate strong and sustained investment in the right capabilities – people, processes and technology – at the right time, for the right priorities and in step with our partners and stakeholders.

This is my vision for the AFP, building on the work and outcomes of 2015–16. It will entail modern leadership, a workforce which is as adaptable as the criminality we must address and which uses contemporary technology, is flexible and inclusive, and has strong working relationships with our national and international partners.

I am confident that we will continue to meet this challenge.



Andrew Colvin APM OAM  
AFP Commissioner

# Snapshot of achievements, 2015-16



## DISRUPTION

Over **\$699m** benefit to the economy from successful financial crime investigations

Restrained **\$96.5m** in criminal assets

Seized over **9 tonnes** of illicit drugs, saving the community approximately **\$2b**

Conducted **10** terrorism-related disruption activities resulting in **23** people charged

Conducted **13** counter-terrorism programs/workshops across Australia

## INVESTIGATION

**382** court cases resulting in conviction

**805** persons arrested for Commonwealth crimes

**95%** court conviction rate

## NATIONAL COLLABORATION

Established the Serious Financial Crime Taskforce with **7** other Commonwealth agencies and recovered **>\$10m** in undue wealth

Worked with over **370** separate Australian organisations

Conducted **78%** of serious and organised crime operations jointly with other agencies



## COMMUNITY ENGAGEMENT

Enhanced  
cyber safety of over  
**150,000**  
Australian children via the  
ThinkUKnow program

**10,410**  
Twitter followers

More than  
**292,000**  
Facebook likes

## GOVERNANCE AND ACCOUNTABILITY

**75%**  
of the public  
were satisfied,  
or very satisfied

Managed  
deficit  
to within

**2%**  
of available budget

**90%**  
of stakeholders  
were satisfied,  
or very satisfied

‘The AFP is a very  
professional agency  
and is fantastic to  
work with.’

**No**  
significant ANAO  
financial statement  
findings

**190** staff  
**8** work in  
international  
missions in the Pacific,  
Timor-Leste and Cyprus

## INTERNATIONAL COLLABORATION

**73** International  
Network staff  
in **28** countries

Trained  
**4,609** law  
and justice officials from  
**15** nations

Worked with over  
**100**  
separate  
organisations  
in **44**  
countries

**3** Established  
dedicated taskforces  
with police in China,  
Thailand and  
Cambodia to disrupt  
ice importation

## 2 Overview of the AFP





## Overview of the AFP

2

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## The AFP's role and purpose

The AFP is the Australian Government's primary policing agency. It is a key member of the Australian law enforcement and national security community, leading policing efforts to keep Australians and Australian interests safe both at home and overseas.

The AFP's purpose is legislated in section 8 of the *Australian Federal Police Act 1979* and informed by an associated Ministerial Direction articulated under section 37(2) of the Act.

This framework provides the AFP with a responsibility to:

- ▶ enforce Commonwealth criminal law and contribute to combating organised crime and protecting Commonwealth interests from criminal activity in Australia and overseas (Outcome 1)
- ▶ provide policing services to the Australian Capital Territory community and Australia's territories (Outcome 2)

This report addresses Outcome 1. Details on performance against Outcome 2 can be found in the separate report for ACT Policing.

### AFP PURPOSE AND OUTCOMES

Corporate Plan 2015–19	Purpose To enforce Commonwealth criminal law and contribute to combating organised crime and protecting Commonwealth interests from criminal activity in Australia and overseas		To provide policing in the Australian Capital Territory
Portfolio Budget Statement 2015–16	Outcomes	Outcome 1 Reduced criminal and security threats to Australia's collective economic and societal interests through cooperative policing services	Outcome 2 A safe and secure environment through policing activities on behalf of the Australian Capital Territory Government
	Programs	Program 1.1 Federal Policing and National Security  Program 1.2 International Police Assistance	Program 2.1 ACT Community Policing

## Outcome 1

This Outcome principally captures the AFP's national and international policing activity. This activity draws on a wide range of services, including those involved directly in operations, those supporting operations and those delivering strategic direction, resourcing and professionalisation.

These services address threats that can originate domestically or internationally, can emerge quickly in response to developments in areas such as technology, may exploit other jurisdictions to impact Australian interests and generally increase the AFP's overall menu of work.

Operational activity under this Outcome therefore necessitates:

- ▶ a local, national and international presence
- ▶ close and effective engagement with our partners, with the AFP playing a key role as Australia's lead agency for international collaboration
- ▶ a range of both proactive and reactive approaches, including deterrence, prevention, disruption, intervention and intelligence
- ▶ a flexible capability base that can support a broad menu of work, and be responsive to usual business, critical incidents and new crime types.

### **Program 1.1: Federal Policing and National Security**

Program 1.1: Federal Policing and National Security addresses criminal and security threats through a range of activities, including national and transnational investigations, counter-terrorism, aviation operations, protective services and joint taskforces with international, Commonwealth, state, territory and private-sector partners.

### **Program 1.2: International Police Assistance**

Program 1.2: International Police Assistance contributes to national security by providing policing support for enhanced rule of law internationally. This is facilitated through the AFP's official development assistance in the Indo-Pacific region and the AFP's contribution to United Nations missions.

## Outcome 2

Outcome 2 reflects the AFP's community policing capacity delivered to the Australian Capital Territory through ACT Policing. ACT Policing delivers a policing service in accordance with a Policing Arrangement between the Commonwealth and ACT governments. Performance results against that arrangement are provided in a separate ACT Policing annual report.

## Organisational structure

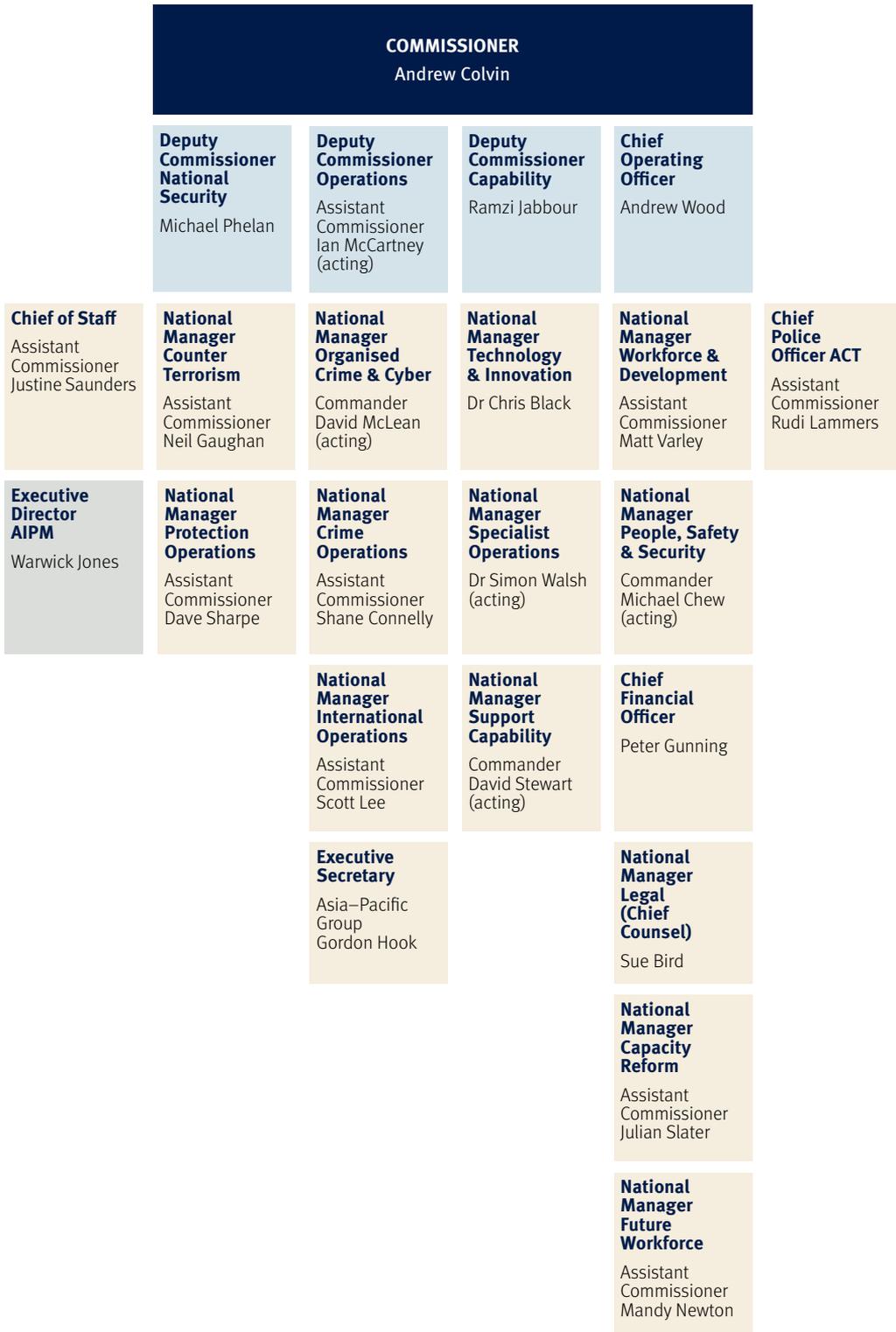
From 1 July 2015 a new structure came into effect as part of ongoing organisational reform. The objective was to focus on aligning capabilities with operational needs, both now and into the future. The core element of the new structure is the identification of three pillars of Operations, Capability and Capacity. As shown on the organisational structure diagram, there are two Deputy Commissioners responsible for operational outcomes, one Deputy Commissioner for the delivery of Capability, and the Chief Operating Officer responsible for Capacity. Key changes from the previous structure include:

- ▶ integration of the International Network and the International Deployment Group into a new International Operations function
  - This provides greater efficiency and effectiveness in international operations through more flexibility, faster response and alternative engagement strategies.
- ▶ incorporation of cybercrime investigations into the serious and organised crime area
- ▶ reshaping of three functions to form: Technology and Innovation, Specialist Operations, and Support Capability, bringing together technical and specialist areas under the new Capability stream
  - This improves alignment between information and communications technology, forensic services, intelligence and covert/specialist policing support.
- ▶ creation of the Workforce and Development function comprising the state office network and Learning and Development within the Capacity stream
  - The purpose of the new Workforce and Development function is to ensure that the AFP's workforce is trained, capable and flexibly deployable to meet organisational priorities.

A further refinement of the structure occurred on 1 March 2016 when the Aviation and Protection functions were amalgamated to form the Protection Operations function. The resultant single chain of command enhances the capability and commitment of the AFP to protect Australia's national security interests.

Figure 2.1

ORGANISATIONAL STRUCTURE AT 30 JUNE 2016

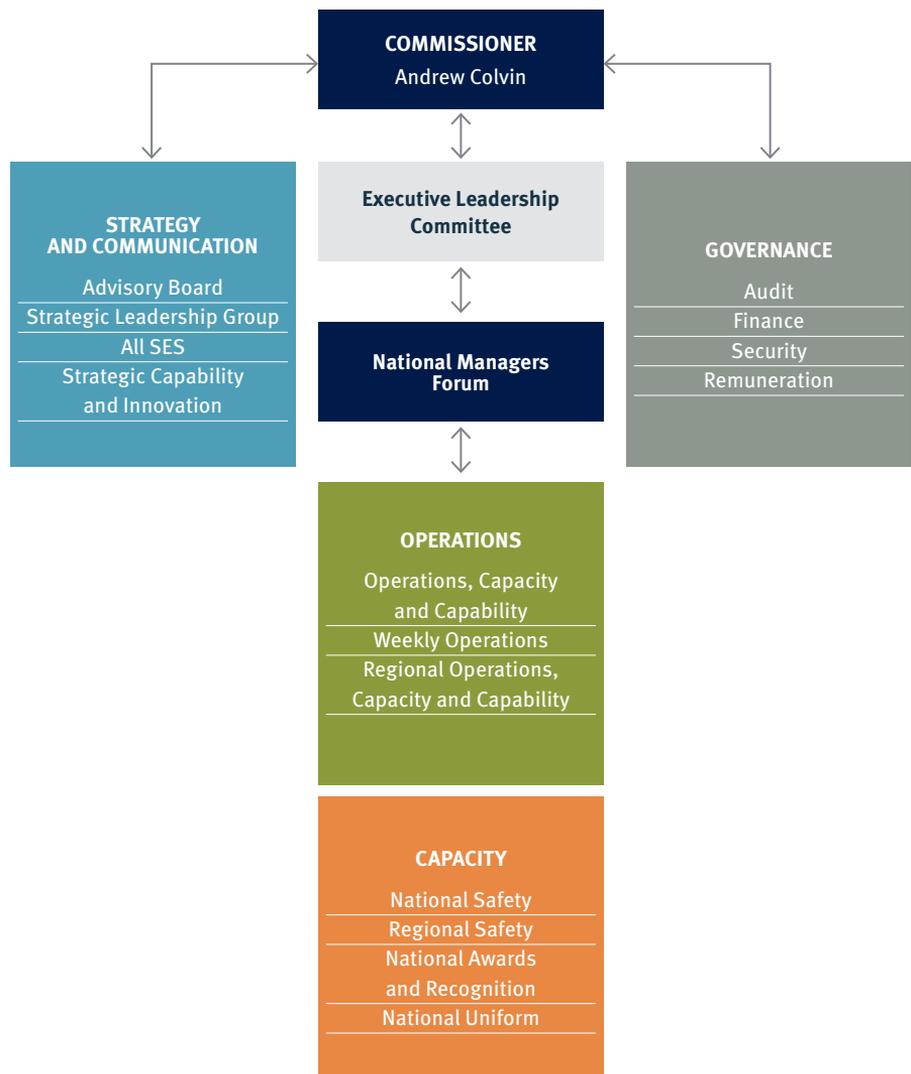


## AFP key committees

At the July 2015 Strategic Leadership Group meeting the Commissioner endorsed a revised key committee framework to support and align with the new AFP organisational structure introduced on 1 July.

The new key committee structure introduced a new external advisory board but reduced the overall number of AFP committees. Efficiency was also improved through more targeted membership and less frequent meetings.

### AFP KEY COMMITTEES



## COMMITTEE DETAILS

Committee	Chair	Purpose	
Executive Leadership Committee	Commissioner	Facilitates consultative decision-making of the AFP executive focusing on time-sensitive issues of organisational significance, particularly those with government, political, safety or reputational impact.	Decisions
Commissioner's Advisory Board	Commissioner	Provides the Commissioner with external perspectives to rigorously examine strategic settings for the AFP.	Strategy and Communication
Strategic Leadership Group	Commissioner	Considers issues of strategic organisational significance such as matters with political, safety and reputational impact and provides strategic direction for the agency, to be implemented through the National Managers Forum and other committees.	
Strategic Capacity and Innovation Committee	Deputy Commissioner Capacity	Identifies and drives development of the AFP's future capabilities and the supporting capability framework.	
National Managers Forum	Chief of Staff	Ensures the effective delivery of the core business of the AFP, implements strategic direction and delivers organisational outcomes across the pillars of Operations, Capacity and Capability.	Delivery
Operations Capacity and Capability Committee	National Manager Workforce and Development	Focuses on operational capacity, capability, governance and policy issues.	Operations
Weekly Operations Committee	National Manager Workforce and Development	Focuses on decision-making regarding capacity and allocation of specific capabilities required to achieve operational priorities.	
Regional Operations Capacity and Capability Committee	Regional Commanders and Office Managers	Responsible for the implementation of operational and strategic decisions from the Weekly Operations Committee and the Operations, Capacity and Capability Committee.	

Committee	Chair	Purpose	
Audit Committee	Chief Operating Officer	Provides audit advice and independent assurance to the Commissioner and oversees and monitors the internal control framework.	Governance
Finance Committee	Commissioner	Oversees the financial management and performance of the AFP, oversees and monitors the internal control framework and approves the AFP Internal (Operating and Capital) Budget allocation.	
Security Committee	Chief Operating Officer	Responsible to the Commissioner for the ongoing development of AFP security policy, the oversight of security matters within the AFP and the creation and maintenance of an appropriate security culture for the protection of AFP people, functions and official resources.	
Remuneration Committee	Chief Operating Officer	Considers and makes recommendations on remuneration matters to the Commissioner for approval.	
<b>National Safety Committee</b>	National Manager People, Safety and Security	Provides strategic direction to the AFP health and safety management program; reviews AFP health and safety performance and oversees the development, implementation and review of national guidelines for workplace injury/illness prevention and management.	Capacity
<b>Regional Safety Committees</b>	Regional Commanders	Assess and recommend controls for identified workplace health and safety risks in the local activities and work environments and help the AFP to develop, implement, disseminate and review effective measures to protect and promote the health and safety of all AFP workers.	
<b>National Uniform Committee</b>	National Manager People, Safety and Security	Sets and monitors the strategic direction, including the implementation of policy regarding national uniform standards.	
<b>National Awards and Recognition Committee</b>	National Manager People, Safety and Security	Considers and recommends awards within the AFP Internal Awards Framework to recognise AFP members with the appropriate honours and awards.	

## Strategic initiatives

The AFP has been working actively to ensure that its services are aligned with legislative responsibilities, stakeholder expectations, and competing priorities.

This multi faceted activity involves developing a detailed understanding of the AFP operating environment and realigning capabilities, processes and resourcing to meet future challenges and opportunities.

The diagram on pages 16–17 illustrates these facets and activity consistent with the Corporate Plan 2015-16. Key strategic elements of this work included:

- ▶ establishing a dedicated project to determine the AFP's future aligned state, considering potential opportunities and challenges
- ▶ realignment of the AFP's structure to embrace a flexible and collaborative approach to the development of capabilities and delivery of services
- ▶ refocusing the AFP's key committees on strategic issues and engagement.

Chapters 4 and 5 provide further detail on key activities within the AFP's Operations, Capability and Capacity groups that complement this activity in areas such as partnership policing, capability development and resourcing.

## Future Directions project

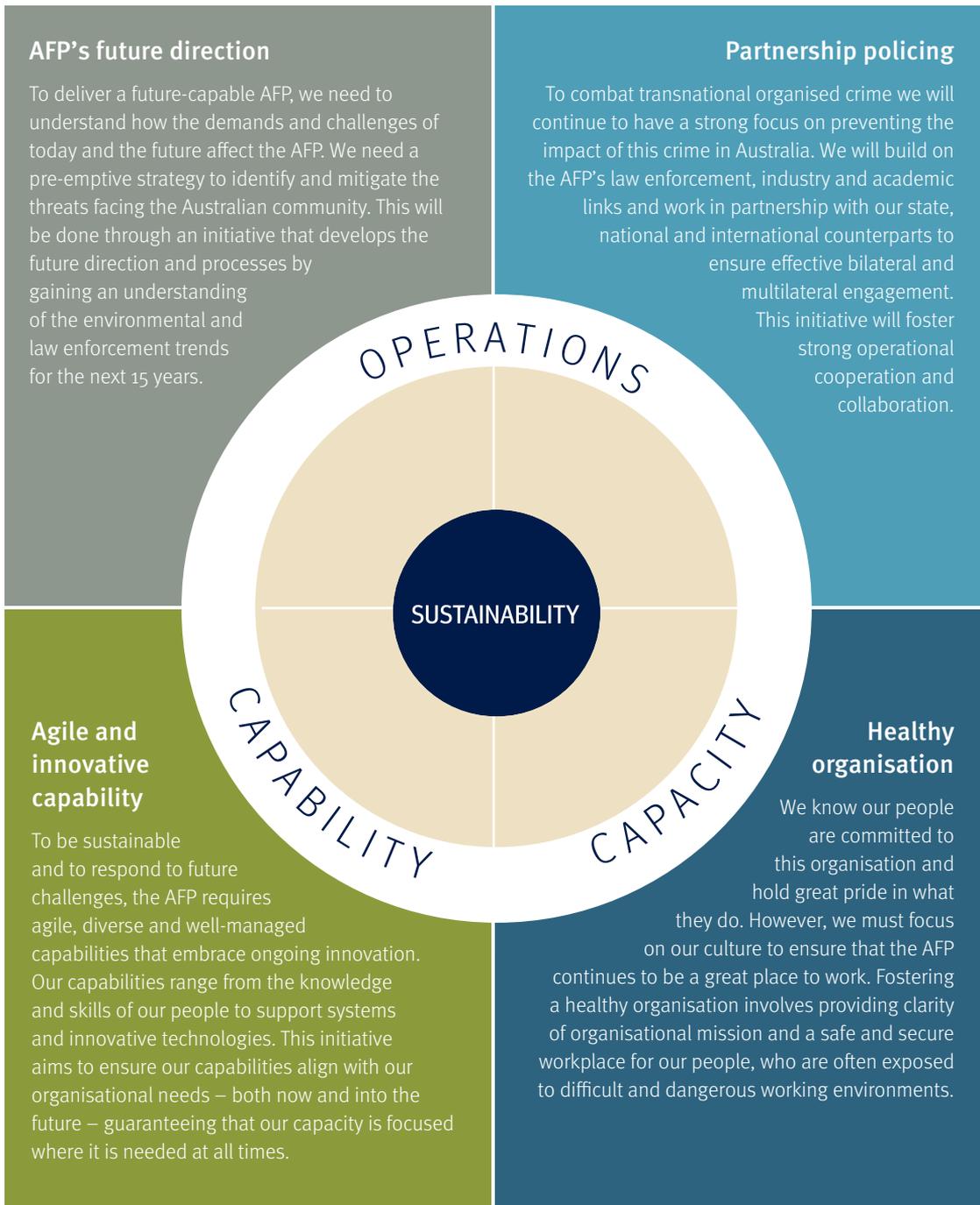
The AFP Future Directions project was launched in July 2015 to assess the future challenges for the AFP and the long-term capability required for the AFP to meet those challenges.

Key features of the project include:

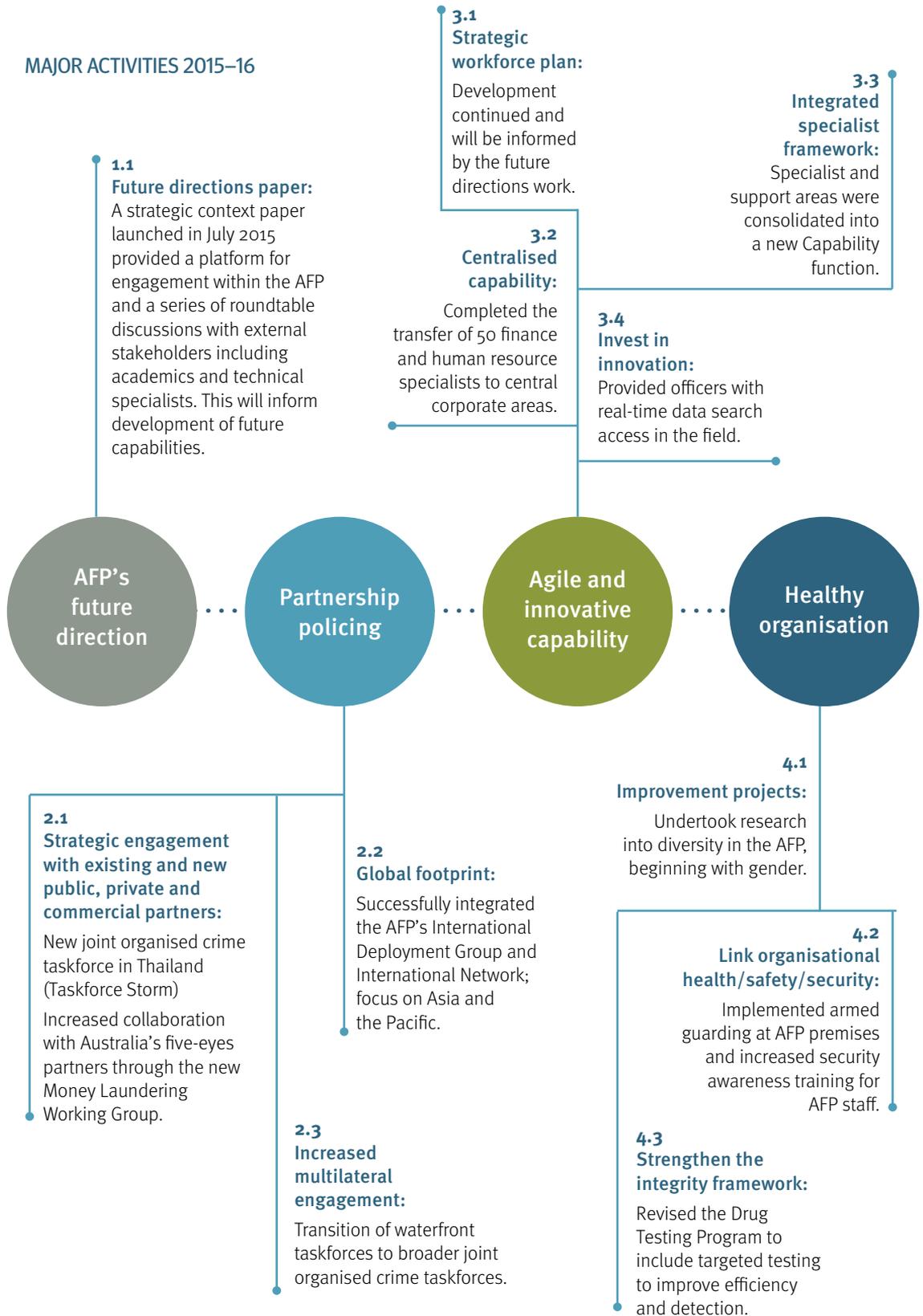
- ▶ a foreseeable global operating environment for Australia, and hence for the AFP, in the coming decade
- ▶ how external drivers may shape the operating environment
- ▶ the type of capability the AFP needs to meet future demand.

The outcomes of the Future Directions project will be reported during 2016–17 but this work continues to both inform, and be informed by, broader AFP strategic alignment activity.

STRATEGIC INITIATIVES 2015-16



MAJOR ACTIVITIES 2015–16



### 3 AFP annual performance statements 2015–16





### AFP annual performance statements 2015–16

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## Introductory statement

I, as the accountable authority of the AFP, present the annual performance statements of the AFP for the financial year ended 30 June 2016 as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the AFP's performance in 2015–16 and comply with subsection 39(2) of the PGPA Act.



Andrew Colvin APM OAM  
Commissioner

10 October 2016

## Purpose (Commonwealth policing)

The AFP's purpose is to enforce Commonwealth criminal law and contribute to combating organised crime and protecting Commonwealth interests from criminal activity in Australia and overseas. This purpose is stated in the AFP Corporate Plan 2015–19 and is derived from section 8 of the *Australian Federal Police Act 1979*. This purpose is aligned with the following outcome listed in the Portfolio Budget Statements (PBS) 2015–16:

Outcome 1: Reduced criminal and security threats to Australia's collective economic and societal interests through cooperative policing services.

This outcome is delivered by two programs described in both the AFP Corporate Plan and the PBS:

- ▶ Program 1.1: Federal Policing and National Security
- ▶ Program 1.2: International Police Assistance.

## Results

Performance results achieved across the nine key performance indicators (KPIs) defined for Program 1.1 and the two KPIs defined for Program 1.2 (stated in both the Corporate Plan 2015–19 and the PBS 2015–16) are provided in the following section. This is followed by a summary analysis section. Historical results for KPIs (KPI 1–11) and also deliverable indicators (D1–18) are provided in Appendix E, Table E1 and Table E2.

Some of the performance results in the following section reference key operations conducted in 2015–16 to provide a more comprehensive and tangible illustration of outcomes. Further details of these operations and also relevant taskforces are in the case studies listed alphabetically in Chapter 4.

## Program 1.1 Federal Policing and National Security

The objective of this program is to reduce criminal and security threats through promoting the safety and security of Australian communities and infrastructure; preventing, deterring, disrupting and investigating serious and organised crime and crimes of Commonwealth significance; and ensuring effective collaboration with international, Commonwealth, state and territory partners.



Performance criterion	Criterion source
<b>KPI 1</b>	
Level of external client/stakeholder satisfaction (85% of clients satisfied or very satisfied)	2015–16 PBS Program 1.1, p. 137 2015–19 Corporate Plan, p. 17

**Result**

All program areas across the AFP recorded above target results in the AFP Business Satisfaction Survey 2015–2016 (overall satisfaction level 90%). The Federal Policing and National Security programs achieved a stakeholder satisfaction result of 92%, seven percentage points above the target of 85%. This is the same result as last year (Appendix E, Table E1). High satisfaction levels have been maintained in recent years, both for these programs and for the AFP overall. (Figure 3.1)

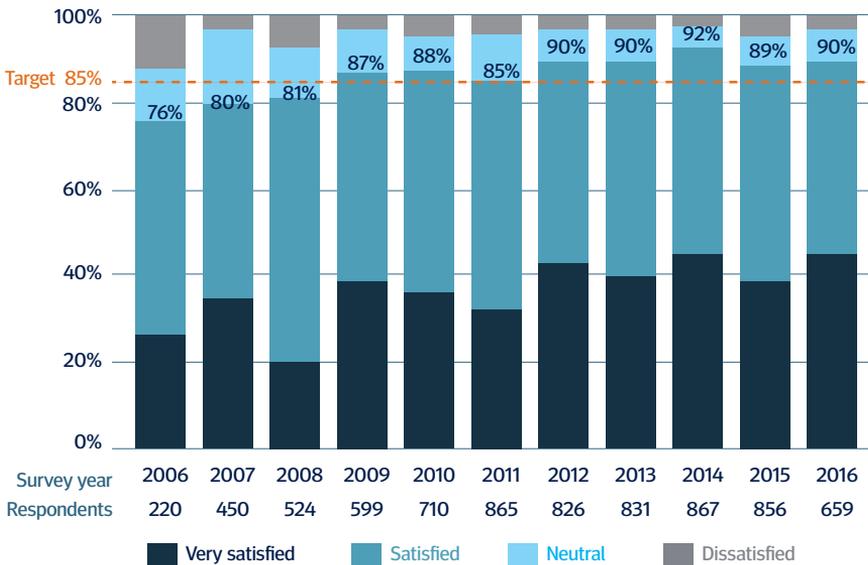
**Relevant case studies**

Positive outcomes resulting from strong stakeholder relationships are illustrated in the following operations and taskforces: Operation Acapella – international money-laundering; Operation Aqueous – child protection; Taskforce Blaze, Taskforce Storm and Strikeforce Dragon – importation of crystal methamphetamine; Operations Rage 1 and 3 – domestic law enforcement collaboration with the National Anti-Gangs Squad; Operations Ripstop – collaboration through the Western Australia Joint Anti Child Exploitation Team; Operation Piscine Dollars – people-smuggling.

**Related indicators**

KPI 10. Stakeholder satisfaction for Program 1.2 (95% exceeding the target of 85%).  
D7. Percentage of serious and organised crime operations conducted under joint-agency investigations (78% exceeding a target of 65%).

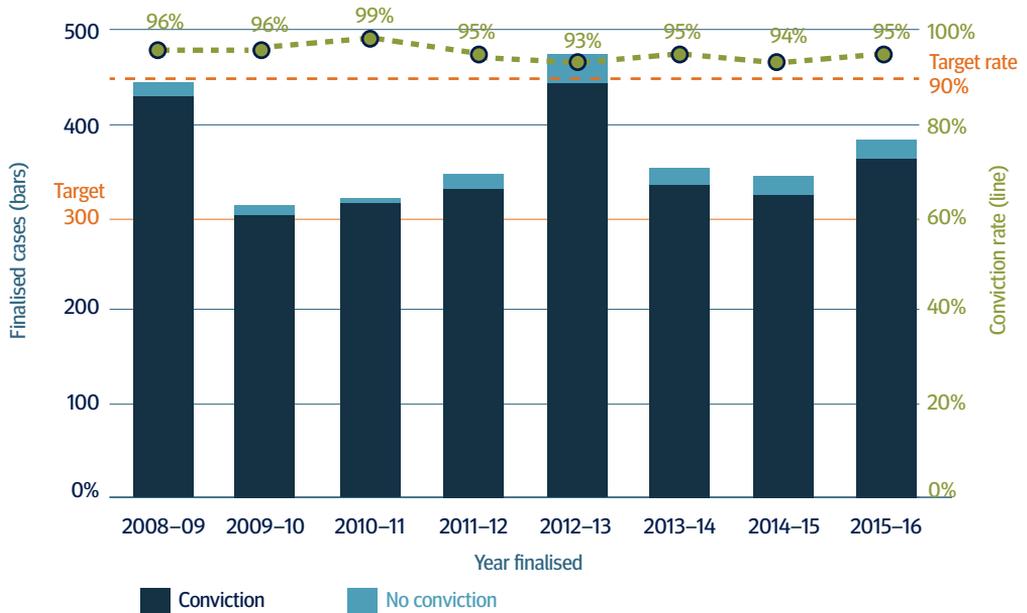
Figure 3.1 Stakeholder satisfaction with the AFP, 2006–16 (across all programs)



Source: AFP Business Satisfaction Survey

Performance criterion	Criterion source
<b>KPI 2</b>	
90% of cases before court result in conviction	2015–16 PBS Program 1.1, p. 137 2015–19 Corporate Plan, p. 17
<b>Result</b>	
<p>A conviction rate of 95% was achieved (five percentage points above the target). This level is consistent with that of previous years (Figure 3.2) and is based on a total of 382 cases with court outcomes finalised in 2015–16. These investigations are across the range of Commonwealth offences, primarily drug importation (52%), child protection offences (19%) and financial crimes such as money-laundering, fraud and corruption (14%).</p>	
<b>Related indicators</b>	
(Appendix E, Table E2)	
D10. Number of cases reaching court and finalised (382 above a target of 300, Figure 3.2).	

Figure 3.2 Conviction rates for all AFP cases reaching court and finalised, 2008–09 to 2015–16



Note: 'Conviction' denotes cases with at least one defendant convicted or the case is proven without conviction.

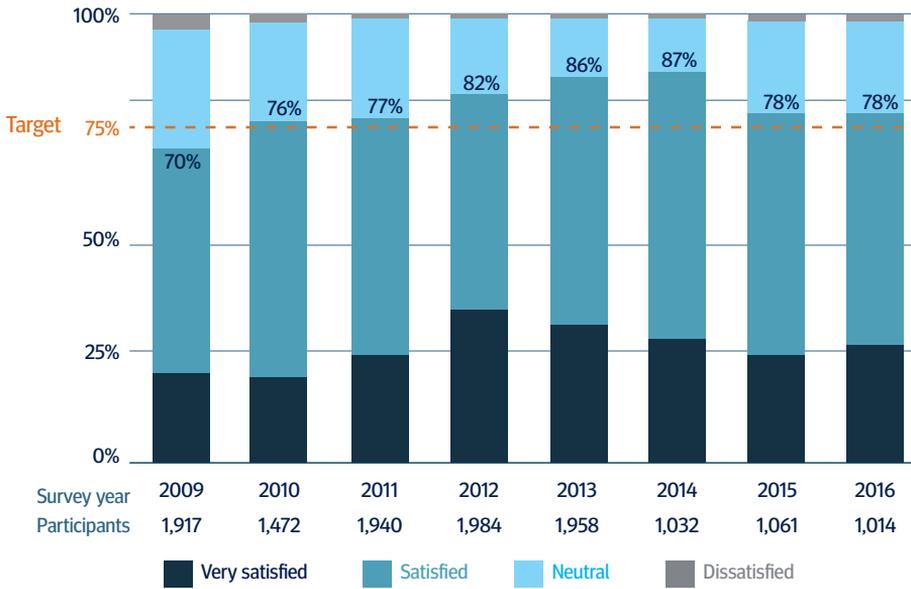
Performance criterion	Criterion source
<b>KPI 3</b>	
90% of counter-terrorism investigations result in a prosecution, disruption or intelligence referral outcome	2015–16 PBS Program, 1.1 p. 137 2015–19 Corporate Plan, p. 17
<p><b>Result</b></p> <p>There were 44 counter-terrorism investigations finalised in 2015–16, two with prosecutions. All others were deemed as having successful outcomes through disruption, deterrence or accumulation and sharing of intelligence.</p> <p>The investigations finalised in 2015–16 represent only a subset of counter-terrorism activity in 2015–16. There were more than 100 ongoing investigations at the end of this reporting period. As a result of 10 disruption activities during 2015–16, 23 people were charged with a number of terrorism and other offences. Subsequently charges were dropped against one of the persons of interest.</p> <p><b>Relevant case studies</b></p> <p>Operation Vianden is an example of successful disruption activity this financial year; it resulted in the arrest and charging of a teenager with planning for a terrorist act. This operation aptly illustrates current counter-terrorism trends including online radicalisation, involvement of young offenders, use of social media, agency cooperation and successful disruption of activity in Australia.</p> <p><b>Related indicators</b> (Appendix E, Table E2)</p> <p>D1. Percentage of time spent on high to very high impact counter-terrorism cases (98% above a target of 95%).</p> <p>D2. Percentage of counter-terrorism activities that are preventative (not responsive) (98% below a target of 100%). This result is due to AFP activity in response to terrorist attacks in Australia (the murder of Mr Curtis Cheng in Sydney in October 2015) and overseas (Bangkok in August 2015, Paris in November 2015 and the kidnapping of an Australian in Afghanistan in April 2016).</p> <p>D3. Percentage of time spent on operational activity (versus capacity development activity (split of 99% versus 1% well above a minimum target of 75% versus 25%).</p>	

Performance criterion	Criterion source
<b>KPI 4</b>	
Level of community confidence in the contribution of the AFP to aviation law enforcement and security (75% of aviation network users satisfied or very satisfied)	2015–16 PBS Program 1.1, p. 137 2015–19 Corporate Plan, p. 17
<b>Result</b>	
A satisfaction result of 78% was achieved (three percentage points above the target). This was consistent with last year’s result but lower than that of previous years (Figure 3.3 and Appendix E, Table E1).	
<b>Related indicators</b>	
KPI 5. Airport response times (on p. 28).	

*High-visibility patrolling is conducted at Australia’s designated airports as part of a range of broader protective security measures.*



Figure 3.3 Community satisfaction with AFP contribution to aviation law enforcement and security, 2009–16



### AFP Airport Consumer Confidence Survey

This survey assesses the level of community confidence in the AFP in relation to aviation safety and security. It is conducted annually based on face-to-face interviews with over 1,000 passengers at domestic and international terminals in Adelaide, Brisbane, Canberra, Melbourne, Sydney and Perth. The survey quotas at each airport were matched to the level of passenger movements to provide a sample representative of the travelling public (from an aviation perspective).

In 2016 the overall satisfaction level was maintained at 78 per cent. Analysis showed that individuals who either saw uniformed officers or were aware of the AFP's presence were significantly more satisfied with the AFP contribution to aviation policing than those who did not.

In the past two years, survey participants were also asked about their perception of the AFP's contribution to federal policing overall (not just aviation). The satisfaction rate tracked slightly below the aviation-specific results (74 per cent of respondents in 2015 and 75 per cent in 2016 being satisfied or very satisfied).

Performance criterion		Criterion source
<b>KPI 5</b>		
Response to aviation law enforcement and/or security incidents within priority* response times		2015–16 PBS Program 1.1, p. 137 2015–19 Corporate Plan, p. 17
<b>Result</b>		
Priority 1	70% below a target of 75% within 5 minutes 91% above a target of 90% within 10 minutes	
Priority 2	88% above a target of 75% within 15 minutes 93% above a target of 90% within 20 minutes	
Priority 3	99% above a target of 75% within 90 minutes 100% above a target of 90% within 120 minutes	
Priority 4	100% above a target of 90% within 24 hours	
<p>The five-minute priority 1 target was not met. It is five percentage points under target. However, the ten-minute priority 1 target and all other targets were met. All criteria were met last year but there has been a decreasing trend in the results over recent years (Appendix E, Table E1). A range of factors contributed to the AFP not meeting the priority 1 criterion. These include the growth in airport passenger movements, the commissioning of additional terminals, the wide physical spread of terminals within airports and the competing priorities of uniform policing staff. Analysis also shows that the priority 1 result was impacted by a large number of alarm call-outs, many of which were false alarms. The AFP is addressing this by liaising closely with the affected businesses in the airport environment and reviewing dispatch protocols. This appears to have had an effect, with an improved priority 1 incident response meeting the five-minute target in the second six months of the reporting period.</p>		
<b>Related indicators</b>		
KPI 4. Aviation community confidence (on p. 26).		
D4. Proportion of resources used to undertake proactive and intelligence-led counter-terrorism crime management, public order and first-response operations at Australian airports. This indicator shows that most activity at airports is prevention-related (92% above a target of 70%) (Appendix E, Table E2).		

\*Priority definitions:

1. Life-threatening or time-critical situations.
2. Situation requiring immediate AFP attendance, however not life-threatening.
3. No immediate danger to safety or property but where AFP response or attention is required. This is determined in consultation with the complainant but, in any event, no later than 90 minutes from the initial contact by the complainant.
4. No immediate danger to safety or property but where police response or attention is required. This is determined in consultation with the complainant but, in any event, not later than 24 hours from the initial contact made by the complainant.

Performance criterion	Criterion source
<b>KPI 6</b>	
Less than four avoidable <sup>1</sup> incidents per 5,000 Protection hours	2015–16 PBS Program 1.1, p. 137 2015–19 Corporate Plan, p. 17
<b>Result</b>	
There were no avoidable incidents recorded in 2015–16 (compared with one incident in 2014–15). This continues the AFP's strong record of delivering protective security services in a range of settings. See example operation below.	
<b>Related indicators</b>	
D5. Percentage of time dedicated to preventative versus response activities at Commonwealth facilities receiving AFP protection (Uniform Protection) <sup>2</sup> (99%/1% split exceeding a minimum target of 80%/20%).	
D6. Percentage of time dedicated to preventative versus response activities by teams responsible for close personal protection of dignitaries, politicians and visiting officials <sup>3</sup> (5%/95% , well within the maximum target of 40%/60%).	

### Council of Australian Governments – Victoria Barracks, Sydney

During July 2015 the Council of Australian Governments held a retreat and special meeting at Victoria Barracks, Sydney. AFP Uniform Protection members from Garden Island Defence Precinct were tasked with the protection of dignitaries and venue security.

The multijurisdictional operation involved AFP Close Personal Protection, NSW Police Force Dignitary Protection, Queensland Police Service Close Personal Protection and Victoria Police Close Personal Protection. The level of interoperability between all stakeholders and external police agencies showcased a seamless operation. As a result, the operation has fostered stronger working relationships with all parties.



<sup>1</sup>Avoidable incidents are defined as those incidents that could have been avoided through physical action, intervention or reasonable intelligence and that result in death, injury or loss of dignity or embarrassment to those individuals and interests identified by the Commonwealth Government or the AFP as being at risk.

<sup>2</sup>Preventative activities include active patrolling, monitoring of electronic measures, alarms and closed-circuit television, and access/egress support. Response activities include responses to security incidents.

<sup>3</sup>Preventative activities include close personal protection advances, major event planning and training. Response activities include provision of close personal protection and operational responses to major events.

Performance criterion	Criterion source
<b>KPI 7</b>	
Positive return on investment for investigation of transnational crime (i.e. greater than 1)	2015–16 PBS Program 1.1, p. 137 2015–19 Corporate Plan, p. 17

### Result

The return on investment (ROI) result was 5 (well above the target of 1). This is consistent with the level achieved last financial year (Appendix E, Table E1). The calculation is based on estimates of social benefit from disrupting crime outweighing the costs of those investigations, subsequent legal processes and detention (prison costs).

The scope is limited to drug and financial crime investigations finalised in 2015–16. These two crime types are the ones for which there are financial estimates of social impact, namely the Drug Harm Index (DHI) and the Estimated Financial Return (EFR). The DHI represents the dollar value of harm that would have ensued had illicit drugs seized at the border reached the community. The EFR represents the potential revenue lost to the economy from fraud and other economic crime that was identified, investigated and successfully prosecuted. Analysis shows that the ROI value is approximately 4 to 1 for drug investigations and 13 to 1 for financial crime investigations. This is partly due to the much higher sentence lengths for drug importation.

The overall amount of illicit drugs seized by the AFP in 2015–16 (including both finalised and ongoing investigations) is 9.5 tonnes (Appendix E, Table E3). This is similar to last year's amount (9.4 tonnes). The corresponding Drug Harm Index is \$2 billion, lower than last year's amount (\$2.6 billion, Figure 3.4). This is due to lower amounts of amphetamines and a higher weight of substances which have not been fully identified for inclusion in the Drug Harm Index categorisation or confirmed by forensic analysis. For example, there was a large amount of khat seized in 2015–16 (1.8 tonnes). The amount of methamphetamine seized remains significant, at 3.3 tonnes (compared with 3.6 tonnes last financial year).

The overall EFR based on the financial crime investigations finalised in 2015–16 was \$699 million.

Further details on the ROI methodology details can be found at <https://www.afp.gov.au>.

### Relevant case studies (Chapter 4)

In 2015–16 significant investigations related to drug importation include Operations Bleue, Bungala, Convive, Doyline, Ovcharka, Pimpana, Rage 1, Rage 3, Serpia and Shenzi. Other internationally based joint operations are described under Taskforce Blaze, Taskforce Storm and Strikeforce Dragon. The analysis of international postal items is described in the National Forensic Rapid Lab case study. Significant investigations related to money-laundering include operations Acapella and Toretto. The new Serious Financial Crime Taskforce is also described in Chapter 4.



*Crystal methamphetamine and the consignment seized in Operation Convive*

**Related indicators** (Appendix E, Table E2)

D9. Percentage of time spent on high to very high impact cases (87% exceeding a target of 80%).

D10. Number of cases reaching court and finalised (382 exceeding a target of 300).

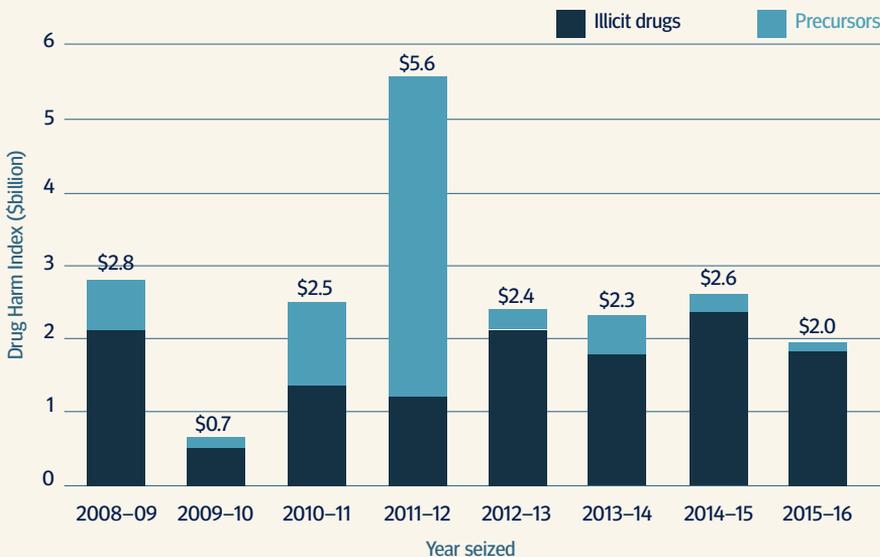
D11. National Association of Testing Authorities Accreditation (ISO 17025) in all relevant forensic disciplines (maintained).

D12. Provision of timely technical intelligence to the AFP and partner agencies (100% of responses within five business days (exceeding a target of 90%).

D13. Number of forensic service requests completed (maintained inside 95% confidence limits throughout the year except for the June figure, which was below the lower limit). It should be noted the completion rate bounced back the next month after the new forensics facility was fully functioning.

These results show that the AFP has sustained focus on high-impact cases and maintained throughput in finalising investigations at court. It also shows that quality, timeliness and throughput has been provided by specialist support services (Forensics).

Figure 3.4 AFP Drug Harm Index, 2008–09 to 2015–16



Note: Values are based on AFP seizures (excluding international seizures).

Performance criterion	Criterion source
<b>KPI 8</b>	
Increase in assets restrained (defined as an increase relative to the previous five-year average)	2015–16 PBS Program 1.1, p. 137 2015–19 Corporate Plan, p. 17

### Result

The Criminal Assets Confiscation Taskforce (CACT) restrained assets worth an estimated value of \$96.5 million under the *Proceeds of Crime Act 2002* in the period 2015–16. This was under the target of \$111.1 million (the average based on the previous five years). Figure 3.5 below shows that not only the previously increasing trend has not been sustained but also that there is considerable variation from year to year. Substantial restraint figures for the 2014–15 financial year, combined with the high complexity of these types of investigations, have translated into an increased commitment of resources to proceeds of crime matters currently before the court. This has had a direct impact on CACT's capacity to pursue new restraint action in 2015–16.

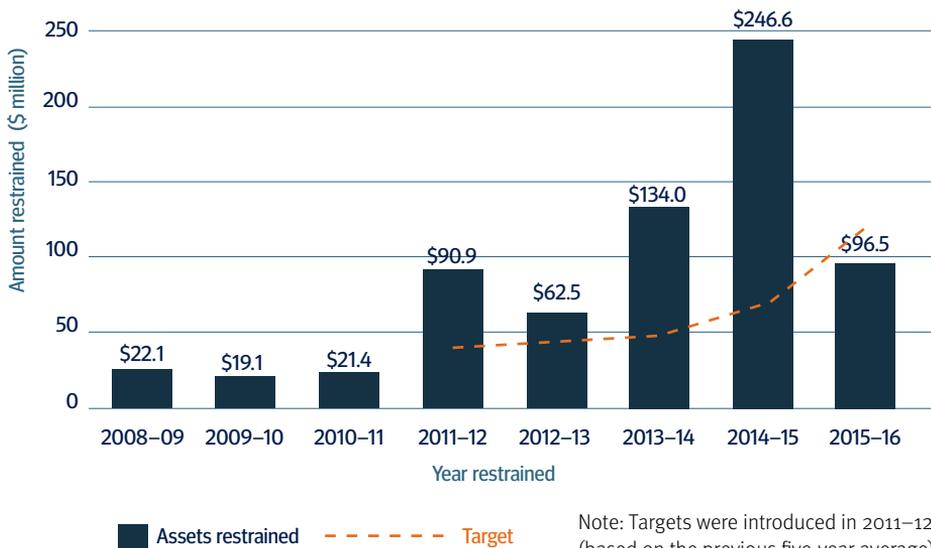
### Relevant case studies

Key examples of the disruptive impact of CACT activity in 2015–16 include Operation Marksburg (terrorism-financing), Operation Pimpana (drug importation), Operation Kitrino (human-trafficking) and Operation Toretto (money-laundering).

### Related indicators (Appendix E, Table E2)

D8. Percentage of cases targeting the criminal economy (33% over a target of 30%; Appendix E, Table E2). This shows that the AFP has sustained a strategy of disruption through pursuing both primary investigations into money-laundering, fraud or corruption and secondary financial investigations of other Commonwealth crimes.

Figure 3.5 Criminal assets restrained, 2008–09 to 2015–16



Performance criterion	Criterion source
<b>KPI 9</b>	
Increased or reinforced cyber safety and security awareness (85% of surveyed sample indicating increased awareness or reinforced awareness after delivery of presentations).	2015–16 PBS Program 1.1, p. 137 2015–19 Corporate Plan, p. 17
<b>Result</b>	
A result of 94% was achieved based on 814 responses to feedback surveys after cyber safety presentations were delivered to parents, carers, teachers and students under the ThinkUKnow program. This is 9 percentage points above the target and similar to last year's figure (96%) (Appendix E, Table E1).	
<b>Related indicators</b> (Appendix E, Table E2)	
D14. Percentage of AFP personnel having completed technology-related (Tier 1) training (92% above a target of 85%). This shows that the AFP is maintaining cyber safety and cyber security awareness across all staff.	

### ThinkUKnow cyber safety program, a policing and industry partnership

Launched in 2009, the ThinkUKnow cyber safety program is Australia's first and only nationally delivered crime prevention program. The free face-to-face presentations are delivered by state and territory police, Neighbourhood Watch Australasia and accredited volunteers from our partner agencies, Commonwealth Bank of Australia, Datacom and Microsoft.

The presentations cover topics such as social media reputation management, cyberbullying, 'sexting', online grooming, online gaming, inappropriate content, privacy management, identity theft, how to protect devices and how to report matters when things go wrong.

During the reporting period, the ThinkUKnow program:

- ▶ announced Bankwest, a subsidiary of the Commonwealth Bank of Australia, as a corporate partner in Western Australia
- ▶ through accredited AFP and industry volunteers, delivered more than 380 presentations to more than 10,000 parents, carers and teachers
- ▶ through state and territory police, delivered presentations to more than 150,000 school students
- ▶ increased its volunteer base to more than 600, expanding in rural and regional Australia.



*An AFP ThinkUKnow cyber safety member outlines the Family Online Safety Contract to a member of the public. Parents can print and sign the contract with their children following a discussion of appropriate online behaviour.*

*Go to: [www.thinkuknow.org.au](http://www.thinkuknow.org.au).*

## Program 1.2 International Police Assistance

The objective of this program is the delivery of collaborative law enforcement and police development missions, participation in internationally mandated peace operations and provision of civil policing assistance in accordance with Australian foreign development policy priorities.

Law enforcement and police development mission activity was undertaken in Nauru, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga and other Pacific nations. Stabilisation operations and multinational peace support activities in conjunction with the United Nations were undertaken in Cyprus and Liberia. This program also delivers community policing in Australia's territories, including Christmas Island, Cocos (Keeling) Islands and Norfolk Island.

Performance criterion	Criterion source
<b>KPI 10</b>	
Level of external client/stakeholder satisfaction (85% of clients satisfied or very satisfied)	2015–16 PBS Program 1.2, p. 139 2015–19 Corporate Plan, p. 19

### Result

The International Police Assistance program achieved a satisfaction result of 95% in the AFP Business Satisfaction Survey 2015–16. This result was ten percentage points above the target of 85%. This was also a marked increase from last year (86%, Appendix E, Table E1). The result was based on responses from 76 stakeholders from a range of countries and organisations. Satisfaction was consistently high from government stakeholders (100% satisfied, n=38) and other law enforcement agencies (95% satisfied, n=20) but lower from the private sector (83% satisfied, n=18). Analysis of feedback from the survey suggests that the relationships will continue to be strong provided that focus remains on communication and cultural sensitivity.

### Quotes from the stakeholder survey

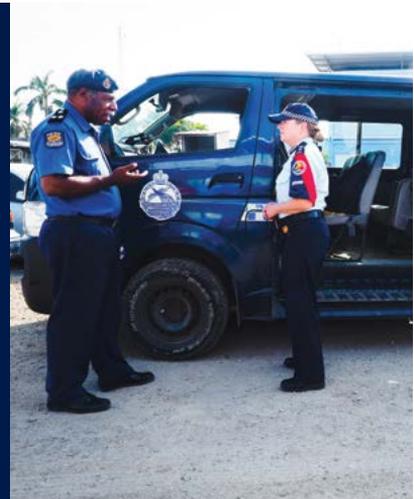
*Great community policing by well-trained officers (from external territory stakeholder)*

*I think the AFP's regional network in the Pacific, while well-managed and responsive, is inadequately resourced to deal with the growing range of challenges in the region.*

*Continued stakeholder engagement is key in supporting our needs.*

*Encourage all levels of AFP to engage and communicate more widely.*

The AFP's support and dedicated focus on improving gender balance has improved the gender ratio of the Royal Solomon Islands Police Force in 2016 through changes to gender-related policies, training, recruitment, leadership and the development of female members of the organisation. The number of female officers recruited has doubled since the establishment of the Regional Assistance Mission to Solomon Islands (RAMSI) in 2003.



Performance criterion	Criterion source
<b>KPI 11</b>	
<p>Positive feedback from mission/external territories performance evaluation:</p> <p>A. Mission performance reports (evaluation criteria include relevance, effectiveness, efficiency, impact, sustainability, monitoring and evaluation, and gender equity)</p> <p>B. Formal evaluation program:</p> <p>B1. Papua New Guinea – Australia Policing Partnership (PNG–APP) mid-term evaluation</p> <p>B2. Tonga Police Development Program mid-term evaluation</p> <p>B3. Pacific Police Development Program (PPDP) final evaluation</p>	<p>2015–16 PBS Program 1.2, p. 139</p> <p>2015–19 Corporate Plan, p. 19</p>

### Result

A. An example of effectiveness is improved community confidence in the ability of the Royal Solomon Islands Police Force (RSIPF) through the arrest and upcoming trial of a fugitive for the murder of the former police commissioner. This individual had evaded custody for more than ten years. The AFP-led Regional Assistance Mission to Solomon Islands Participating Police Force supported the RSIPF in making the arrest on 14 October 2015.

B1. Positive feedback from the mid-term evaluation of PNG–APP relates to active encouragement of women to join the Royal Papua New Guinea Constabulary (RPNGC) and their increased participation in training, including six-week placements in Australian policing jurisdictions. AFP advisers have also supported the RPNGC in including gender equality and family sexual violence topics in the training college curriculum.

B2. The independent mid-term evaluation of the Tonga Police Development Program concluded that the program provided valuable assistance to Tonga Police during a period of significant change and that the trilateral arrangement is a useful modus operandi for Australia and New Zealand to support the Tonga Police Service.

B3. The final evaluation of the PPDP 2012–16 highlighted that AFP support is effective and generally very relevant to the needs of partner police agencies in the Pacific region. An evaluation of AFP efforts to progress gender equality through police development programs highlighted that ‘there is strong commitment from AFP management and leadership to implement the International Operations Gender Strategy and to address gender inequality in PPDP operations and within the AFP’. See D18 overleaf.

Performance criterion	Criterion source
<b>KPI 11</b> continued	
<p><b>Related indicators</b> (from the PBS 2015–16, p. 139; results in Appendix E, Table E2)</p> <p>D15. Number of police and other law and justice officials trained (4,609 above a target of 3,500)</p> <p>D16. Percentage of mission resources committed to countries in the Indo-Pacific region (98% above a target of 90%)</p> <p>D17. Percentage of mission resources committed to countries with rule-of-law indicators below the international median (91% above a target of 80%)</p> <p>D18. Percentage of programs addressing gender issues at implementation (100% above a target of 80%).</p>	

*An AFP adviser reviews a case with a Royal Papua New Guinea Constabulary police prosecutor*

*Isuna Post location, Solomon Islands*



## Analysis

Overall the AFP met nine out of eleven KPI targets set for 2015–16 in the Corporate Plan. Targets were met or exceeded for stakeholder satisfaction, public confidence and cyber safety awareness, court outcomes, prevention activity and mission evaluations. On the other hand, targets were not met for airport response times, nor for total assets restrained.

These results indicate that the AFP is continuing to operate successfully in its remit of enforcing Commonwealth criminal law and protecting Australians and Australian interests both domestically and overseas. These outcomes provide tangible evidence of successful prosecutions for a range of Commonwealth offences, successful disruptions of criminal activity in the serious and organised crime and the national security domains and the substantial reductions in community and economic harm that the AFP continues to deliver.

The AFP also continues to have a strong record of protection operations, regional police assistance and capacity development. It has strong stakeholder satisfaction ratings across all sectors, both domestically and internationally.

However, the AFP has not met all of its performance targets. Although the two areas of underperformance in relation to targets were the airport domain and criminal asset confiscation, it is important to look more broadly at the results. There are also other indicators which are showing lower results than previous years (such as the Drug Harm Index and the Estimated Financial Return). Analysis suggests that these results are dependent on many factors and need to be considered in the context of both the internal and external operating environment.

The AFP Corporate Plan identifies that increasing pressures from globalisation, increased importance of international relations, increasing use of rapidly changing technology by both the public and criminals, and the sustained high level of terrorist threat are expanding the breadth and complexity of AFP operations.

These KPI outcomes in 2015–16 highlight the critical importance of the AFP's ongoing work in defining and transitioning to a future state that reflects, and can meet, stakeholder expectations within available capacities.

## Purpose (ACT Policing)

The AFP also has responsibility for providing policing services in the Australian Capital Territory. This purpose is aligned with the following outcome listed in the Portfolio Budget Statements (PBS) 2015–16:

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

This outcome is delivered by a single program:

- ▶ Program 2.1: ACT Community Policing.

ACT Policing delivers quality policing services to create a safer and more secure Australian Capital Territory. The services include community policing and investigation of crime in partnership with government and non-government agencies and the broader community.

In accordance with the Purchase Agreement 2015–16, the three main outcomes against which ACT Policing’s performance is measured are:

1. reduce crime
2. public safety
3. community and partner engagement.

The Purchase Agreement is entered into by the Australian Capital Territory Minister for Police and Emergency Services, the Commissioner of the AFP and the Chief Police Officer for the ACT. The Purchase Agreement specifies the type, level and cost of the services that the Australian Capital Territory Government requires from ACT Policing on an annual basis. In addition, the Minister for Police and Emergency Services issues a Ministerial Direction in which the special areas of focus for the year are outlined. Performance criteria and targets are agreed to annually by the ACT Government and are not listed in the PBS 2015–16 nor the AFP Corporate Plan 2015–19.

## Results

Information on ACT Policing, including performance against targets, can be found in the ACT Policing annual report, available at <https://www.police.act.gov.au> or through ACT Policing Ministerial Policy and Performance on (02) 6264 9480 or ACT-MPP-Ministerial@afp.gov.au.

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## 4 Highlights 2015–16

The new state-of-the-art AFP forensics facility, located in Canberra, commenced operations on 6 June 2016. The purpose-built facility sets the foundation for the AFP to continue to grow new capabilities and support new or expanded work with our domestic and international partners. The facility will be a global centre of excellence in forensic science that will build on the integration of the forensic and intelligence functions.

The new facility design is centred on the principles of integration and collaboration, which enables the delivery of forensic services under a more consultative and client-centred model. In a multidisciplinary laboratory environment, known as the Search Precinct, forensic experts now work together, harnessing their collective expertise to solve complex issues. This is a departure from the traditional approach where the various experts examine and analyse evidence independently.

The new accommodation will assist in enhancing and expanding the AFP's capability to disrupt criminal activity through best practice and contemporary science.





*The AFP's new forensics facility in the ACT*

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## Overview

As an operational agency, the AFP provides a range of services directly to government and other stakeholders such as investigations, protection, community policing, international engagement and policing, and forensic and technical expertise.

It is through these services that the AFP interacts most with, and is most actively recognised by, the community and its partners.

The capability approach, reflected in the structure implemented by the AFP on 1 July 2015, recognises that technical and specialist capabilities (such as information and communications technology (ICT), forensics, intelligence and surveillance) and enterprise services (such as policy and human resources) are critical to the AFP's operational outcomes, their resourcing, efficiency and effectiveness.

This acknowledges that policing involves a complex interaction between direct operational capacities (such as the number of sworn police) that are able to address increasingly diverse criminal activity and legislative responsibilities, and the ongoing development of (and investment in) transformational technologies and specialist capabilities that can deliver knowledge to operations, maximise outcomes and evolve operational practices.

This applies to all AFP operations but is most evident in the AFP's responses to critical incidents and international events. These matters involve time and mission-critical engagement of the broadest range of the AFP functions – from policy through to ICT to disaster victim identification to operational police – and continue to illustrate the strength of the AFP's international capabilities.

This chapter highlights elements of these contexts and outlines some of the key outcomes across the AFP's Operations, Capacity and Capability groups. It includes operational highlights and examples of key developments in the Capability group. Chapter 5, given its focus on governance and accountability, provides further detail on key Capacity activities.

## Operations

The Operations group provides the AFP's direct operational capacity in areas such as protection, counter-terrorism, aviation, illicit drugs, people-smuggling, victim-based crime and cybercrime. However the group must maintain the flexible capability to address any crime type – current, emerging or future – that falls within the AFP's responsibility.

These activities directly treat the substantial harms that arise through increasingly diverse criminal activity driven by globalisation, technological advances and ideologies.

Where quantifiable, the AFP results are significant. For example, every dollar invested by the AFP on drug matters avoids five dollars in harm. While not currently quantified, the impacts of realising risks in the national security environment can have profound impacts on government and the community, with substantial personal, economic and social harms. Minimising these risks has and will remain a priority for the AFP.

Similarly, the AFP's international activity is critical to ensuring these harms are minimised before they can impact on the Australian homeland and Australians abroad. It is vital to ensuring that Australian law enforcement and national security aligns with an increasingly globalised operating environment.

The AFP's international capabilities and responsibilities are one of its key strengths and clearly differentiate the role and focus of the AFP from other Australian policing and law enforcement agencies. The international partnerships fostered by the AFP benefit the broader Australian Government and have proven vital in ensuring that Australian law enforcement has global engagement capabilities regardless of the crime type or AFP responsibility. These capabilities deliver benefits for local through to international policing operations.

The following section highlights key operational outcomes in 2015–16.

Activity included:

- ▶ continuing to focus on partnerships and multijurisdictional coordination, such as commencing as Chair of the Five Eye's Law Enforcement Group's Proceeds of Crime Working Group
- ▶ delivering Australia's international policing capabilities including 190 staff working in eight overseas missions in the Pacific, Timor-Leste and Cyprus
- ▶ engaging internationally on local, national and offshore policing matters for Australian law enforcement agencies
- ▶ continuing to enhance the AFP's aviation facilities by opening a new AFP Aviation Operations Centre at Gold Coast Airport
- ▶ planning, coordinating and/or deploying capabilities in support of special events in Australia and overseas (such as Anzac commemorations in Turkey and Europe, 2016 Federal Election and the 2016 Olympics/Paralympics) or major visits by international dignitaries, including the Prince of Wales and Duchess of Cornwall
- ▶ assuming responsibility (December 2015) for the coordination of protective security arrangements, when required and based on assessment, for Australian high office holders travelling domestically and overseas
- ▶ hardening the AFP from the threats of a heightened security environment for law enforcement personnel (Program Rampart), including the deployment of uniformed members and implementing or planning for increased technical and physical security measures
- ▶ providing assistance and resources, including an Assistant Commissioner to lead the taskforce, to the Department of Human Services for Taskforce Integrity, which focuses on changing localised cultures of non-compliance and welfare fraud and positively influencing customer behaviour.

## Capability

The consolidation of the AFP's technical and specialist functions within the Capability group on 1 July 2015 delivered new opportunities to enhance alignment across their capabilities and maximise the value delivered in support of operations.

The group's capabilities are critical to the effectiveness and efficiency of operations and span surveillance, covert operations, technical services, forensics, tactical operations and intelligence. These activities are complemented by organisational-level ICT capabilities.

There was strong demand for group services through the reporting period. For example, electronic and physical surveillance was at full capacity every week in support of high-priority national security and organised crime investigations. There was also a 150 per cent increase in undercover deployments in support of operations.

Key highlights for the Capability group during 2015–16 were:

- ▶ the establishment of a new Capability Development Office, incorporating the Investigations Standards and Practices group, to centrally manage the AFP's longer-term, enterprise-wide capability development
- ▶ opening a world-class new AFP forensics facility at Majura (ACT), providing a platform for major and ongoing capability enhancement and delivery
- ▶ ongoing reform of the AFP's ICT environment, with an enhanced focus on the development of transformational and innovative capabilities in areas such as operational communications and mobile computing, integrating the AFP's information environments and continuous improvement
- ▶ identifying and exploiting alignment opportunities, including piloting a new model (consultancy) for the delivery of operational support services, focused on the valuable use of capabilities, greater knowledge development and leveraging major capability transformation programs.
- ▶ The AFP Operations Coordination Centre (AOCC) continues to provide 24-hour, 7 days a week support for domestic and international operations. In 2015–16, the AOCC responded to over 40,000 referrals and over 60,000 Computer Aided Dispatch events.
- ▶ The dedicated Australian INTERPOL and Europol National Central Bureau has focused on enhancing the support and outcomes for Australian law enforcement. During the 2015–16 financial year INTERPOL and Europol Canberra received 100,432 communications from 98 foreign agencies and 26 Australian agencies.

## Capacity

The Capacity group ensures that the AFP has an agile, inclusive workforce and flexible resourcing that responds to the AFP's priorities and responsibilities. It also manages the AFP's interaction with major government and policy processes, including legislation development, key multijurisdictional forums, media and ministerial briefings.

During 2015–16 the Capacity group:

- ▶ designed and implemented a new Workforce Capacity Model, providing a framework for managing the flexible deployment and workforce planning of AFP personnel
- ▶ developed the AFP Diversity and Inclusion Strategy 2016–2020, promoting the inclusion, respect and valuing of the inherent differences that appointees bring to the workplace
- ▶ established gender diversity targets
- ▶ implemented the first phase of a multi-year plan to better coordinate and prioritise training investment in the AFP's workforce
- ▶ continued to collaborate with partner agencies, such as the Australian Border Force, around investigative training programs
- ▶ represented the AFP, winner of the Top Public Sector Employer award, at the Australian Workplace Equality Index Awards, which acknowledge high performance for lesbian, gay, bisexual, transgender and intersex inclusion
- ▶ received approval for the AFP Executive Level (Band 9) Enterprise Agreement 2016–2019 and commenced negotiations for the next Australian Federal Police Enterprise Agreement (covering Bands 1 to 8).
- ▶ created a new Band 2 Senior Executive Service position of National Manager Legal, Chief Counsel.

The creation of this new position and the recruitment of an experienced Chief Counsel in September 2015 has allowed the AFP to have a single view of all aspects of legal risk across the AFP and to better identify and manage legal risk from an organisational perspective.

## Operational examples

### **Acapella** (*money-laundering*)

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In September 2015 a multi-agency money-laundering investigation was resolved with the arrest of Pakistani national Altaf Khanani by the United States Drug Enforcement Administration. It is alleged the money laundering organisation led by Khanani facilitated the movement of illicit funds between Pakistan, the United Arab Emirates, United States, United Kingdom, Canada, Australia and other countries, and was regarded as responsible for annually laundering millions of dollars in organised crime proceeds.

In a significant action the United States Office of Foreign Assets Control placed the Khanani Money Laundering Organisation on its Specially Designated Nationals List, a list of entities with which United States nationals are generally prohibited from dealing. This was the first time the Office of Foreign Assets Control had designated a money-laundering organisation. The joint investigation involved the AFP and the Australian Crime Commission partnering with the Drug Enforcement Administration and other foreign law enforcement agencies under the Five Eyes Law Enforcement Group.

### **Aqueous** (*child protection*)

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Operation Aqueous was an unprecedented investigation that uncovered one of the worst examples of child sexual abuse and trafficking the AFP has seen. The operation began in November 2014. Europol referred images to the AFP that identified two young Australian children as victims of child sexual exploitation. Further investigations resulted in four Australian children being identified and, most importantly, successfully removed from further harm.

The offender abused two young relatives when he was in a trusted position, then produced via a surrogate mother his own twin girls and abused them from the time that they were only a few weeks old. On 19 May 2016 the 49-year-old man was sentenced to 22-years imprisonment in Victoria.

This result was achieved due to the collective efforts of AFP Child Protection and domestic and international partners. The nature of these offences can be borderless and multijurisdictional and so the AFP needs to be cooperative and flexible in order to get the best possible outcomes for the most vulnerable members of our society.

Over the course of the investigation over 20,000 images and over 200 videos of child sexual exploitation were seized. These images were referred to the AFP Victim Identification Team for further analysis and recording.

It is to be acknowledged that our members showed an extreme level of professionalism and resilience to see this investigation through to its conclusion. This demonstrates the special qualities required to undertake such challenging work.

Sadly, societal appetite for child sexual exploitation material is increasing. A global study released in May this year states: 'Despite 20 years of efforts, the sexual

exploitation of children in travel and tourism has expanded across the globe and outpaced every attempt to respond at the international and national level ... no region is untouched by this crime and no country is immune ... the risks of child sexual exploitation are increasing.<sup>1</sup>

Through its Victim Based Crime teams, the AFP is committed to taking all necessary action to protect children in Australia, and elsewhere, from the perils of sexual exploitation. The prevention of child exploitation requires a whole-of-community response. If you suspect this kind of activity is taking place in your community, please report it to the AFP.

### *Arew* (harming Australians overseas)

Malaysia Airlines flight MH17 from Amsterdam to Kuala Lumpur was downed on 17 July 2014, killing all 298 passengers and crew, including 38 Australians. Operation Arew is the AFP's contribution to Australia's whole-of-government response to the incident.

Australia, Belgium, Malaysia, the Netherlands and Ukraine have signed a joint investigation team arrangement, which regulates cooperation in the multinational Dutch-led criminal investigation. The AFP continues to have investigators and intelligence and forensic officers deployed to the Netherlands and Ukraine to support the criminal investigation.

The AFP and Australian Government are committed to seeking justice for all of those who perished on board flight MH17, and the protracted investigation into this incident continues with the support of our international joint investigation team partners. The AFP will continue to provide support to the criminal investigation for as long as it is required.

AFP member  
searching the MH17  
debris field in Ukraine



<sup>1</sup> Angela Hawke and Alison Raphael, *Offenders on the move – global study on sexual exploitation of children in travel and tourism*, End Child Prostitution in Asian Tourism International, May 2016, page 13.

## Bangkok Erawan Shrine bombing *(terrorism)*

On 17 August 2015 the relative peace at one of Bangkok's most central religious icons was shattered when a large improvised explosive device (IED) detonated at the front of the Erawan Shrine. The shrine is located in one of Bangkok's busiest downtown areas that is popular with tourists and of religious significance to worshippers of the Hindu and Buddhist faiths. The blast killed 20 persons and injured more than 130, with many nationalities, including Chinese, Malaysian and Thai, suffering significant casualties. The attack was the most serious terrorist incident ever to occur in the Thai capital.

Following the blast, the AFP was the sole foreign entity to be granted access to the crime scene. The level of devastation at the site was clear as Royal Thai Police (RTP) forensic teams and Explosive Ordnance Division personnel combed the debris for evidence and any clues regarding the perpetrators of the crime.



*Erawan Shrine, Bangkok, after the bombing*

As teams from several RTP divisions began the difficult task of commencing a complex protracted investigation into the incident, AFP Bangkok Post and Australian partner agencies began to piece together what had likely occurred and how to best support local efforts to further the matter in a complex and sensitive political environment.

AFP Bangkok Post identified a number of key areas of focus within the RTP investigation, including forensics, bomb data, social media monitoring, closed-circuit television examination and phone data, where AFP support could be provided. An offer was made by the AFP to provide specialist forensic and technical support capabilities to assist the RTP investigation.

Through established relationships with various RTP bureaus, members of the Bangkok Regional Cooperation Team collected significant data regarding the IED attack and undertook social media inquiries in an effort to identify suspects in the case. A team of AFP members with expertise in forensic crime scene post-blast analysis, forensic technical intelligence and counter-terrorism investigations flew into Bangkok to support Post activities. AFP Aviation members collected details and photographs from Australian witnesses upon their return home.

## Bleue (illicit drugs)

This joint investigation conducted by the Victoria Joint Organised Crime Taskforce resulted in the seizure of 275 kilograms of crystal methamphetamine concealed within shipping containers. This was the largest crystal methamphetamine seizure in Australia in 2015–16, with a street value of approximately \$275 million.

Investigations are ongoing, with in excess of \$1 million in cash seized and eight males, including a Malaysian national, arrested and 11 charges laid to date. Three of these males were charged with Commonwealth offences related to the importation of a commercial quantity of methamphetamine, and five others were charged with trafficking a large commercial quantity of methylamphetamine.

*Crystal methamphetamine concealed within shipping containers*



## Bungala (transnational organised crime)

Operation Bungala was a joint investigation conducted by the Trident Waterfront Taskforce into the importation of 30 kilograms of methamphetamine by an Albanian syndicate based in the United States. The wholesale value of the drugs was approximately \$30 million. Three offenders were charged in relation to this operation, with the minimum sentence being 15 years. The New York District Attorney issued an arrest warrant for the United States syndicate head and prevented a further 100 kilograms of crystal methamphetamine from being exported to Australia.

*Shipping container containing a Chevrolet Impala with the concealment visible in the walls of the boot section of the vehicle*

*Part of the shipment of crystal methamphetamine recovered from the vehicle*



Photo courtesy of the Department of Immigration and Border Protection

## Christmas Island riot *(external territories – Specialist Response Group)*

In November 2015 significant unrest and rioting occurred at the North West Point Immigration Detention Centre on Christmas Island. As the event escalated, Specialist Response Group members, including tactical operators, tactical intelligence personnel, the Police Negotiation Team, the Air Support Team and command elements, were flown via charter aircraft to Christmas Island to support other AFP personnel as they assisted the Australian Border Force regain control of the Immigration Detention Centre.

Approximately 120 detainees were involved in the rioting. The detainees set fire to and damaged buildings, resulting in over \$7 million of damage to property. Detainees threw Molotov cocktails at police and Australian Border Force personnel during the riot.

Specialist Response Group members entered the compound during the riot and regained control of the facility, returning it to the Australian Border Force. Following the disturbance, Specialist Response Group members assisted Christmas Island police in the execution of numerous search warrants at the Immigration Detention Centre and oversaw transfer operations conducted by Australian Border Force personnel and contractors to remove high-risk detainees from the Immigration Detention Centre to other locations.

Of significant note was the first operational deployment of the AFP Support Capability function's unmanned aerial vehicle during the unrest. The unmanned aerial vehicle provided significant situational awareness to the Police Commander and tactical members and also provided valuable intelligence and evidence to support future police action related to the riot.

The unmanned aerial vehicle capability was recently realigned from AFP Forensics to the Specialist Response Group within the Support Capability function. Having one area manage all air assets will ensure the greatest level of efficiency in providing this valuable capability to the whole of AFP operations.



*Aerial views of the North West Point Immigration Detention Centre on Christmas Island during the riots in November 2015*

### Convive *(transnational organised crime)*

Operation Convive was commenced by the AFP-led National Anti-Gangs Squad in collaboration with the Indonesian National Narcotics Board. Investigations progressed in Australia with the cooperation of the Australian Border Force and South Australia Police. Approximately 60 kilograms of crystal methamphetamine with a potential street value of around \$60 million were seized. A 43-year-old man, identified as an associate of the Hells Angels Outlaw Motorcycle Gang, was arrested.

### Doyline *(transnational organised crime)*

In early February 2016 the United States Drug Enforcement Administration provided intelligence to the AFP regarding a sailing vessel that was believed to be en route to Australia and suspected of carrying a large quantity of a border-controlled drug (cocaine). The name, flag and crew of the vessel were unknown at the time that the intelligence was shared with the AFP.

In response to this intelligence, the AFP commenced Operation Doyline, profiling potential target vessels in the region. This profiling was assisted by partner agencies, including the United Kingdom National Crime Agency and French Customs in Martinique.

In consultation with the AFP, Joint Interagency Task Force West and the Drug Enforcement Administration, the French Navy interdicted the vessel VAGUE A L'AME in the area of the Gambier Archipelago, French Polynesia. At the time of interdiction 680 kilograms of cocaine were located on the vessel, as well as one Mexican and two Colombian crew members, who were arrested.

*Marines from the French Navy frigate Prairial board VAGUE A L'AME*

*680 kilograms of cocaine were located in the interior cabin of the VAGUE A L'AME*



### Kitrino (*human-trafficking*)

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Operation Kitrino relates to activities of Mae Ja Kim and her syndicate, which was alleged to have been involved in the trafficking of Korean females to Australia to work in the Australian sex industry.

On Tuesday 2 July 2013, 13 simultaneous search warrants were executed on premises and five members of the Kim syndicate were arrested and charged with dealing in the proceeds of crime. On 18 September 2015 four of the five accused entered pleas of guilty and were subsequently sentenced to imprisonment ranging from 3 years 8 months to 4 years 2 months.

### Marksburg (*proceeds of crime*)

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In June 2016 the Criminal Assets Confiscation Taskforce obtained a forfeiture order pursuant to section 49 of the *Proceeds of Crime Act 2002* for over \$530,000 in relation to Operation Marksburg.

Operation Marksburg was a Counter Terrorism investigation into a family based in New South Wales that was suspected of travelling to Syria to become members of, and provide support to, Islamic State.

At the start of the investigation it was identified that family members had access to a significant amount of funds in an Australian bank account and were suspected of using international travel cards and a computer consulting company based in the Middle East to remit funds out of Australia for the use and benefit of Islamic State in Syria. These funds were acquired from the sale of their former family residence located in Sydney, New South Wales .

### Middleham (*national security*)

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The investigation, which commenced in January 2016, relates to the alleged criminal activities of a number of males based in Melbourne, Victoria, who all have had their Australian passports cancelled. It is alleged that the group was intending to try and depart Australia via boats from northern Queensland.

On 12 May 2016 the Victorian and Queensland Joint Counter Terrorism Teams (JCTTs) arrested five men in Queensland and on 14 May 2016 charged them with foreign incursion offences. The men were arrested in Queensland in relation to suspicion of potential offences against the *Criminal Code Act 1995* (Cth), specifically those concerning incursions into foreign countries to engage in hostile activities. They subsequently extradited the men to Victoria. The men were each charged with one count of: making preparations for incursions into foreign countries for the purpose of engaging in hostile activities, contrary to section 119.4 of the Commonwealth Criminal Code Act. The maximum penalty for this offence is life imprisonment.

On 27 May 2015 the Victorian JCTT arrested another 25-year-old Melbourne man and charged him on suspicion of potential offences against the Commonwealth Criminal Code Act, specifically those concerning incursions into foreign countries to engage in hostile activities.

## National Anti-Gangs Squad Week of Action with Tasmania Police

In a joint operation between Tasmania Police and the National Anti-Gangs Squad, police searched premises across Tasmania associated with outlaw motorcycle gangs. This operation was part of the National Anti-Gangs Squad Week of Action 2016 and involved 19 searches of premises and more than 70 police officers, including nine interstate officers from the National Anti-Gangs Squad and Victoria Police.

In total 16 residences and businesses and three outlaw motorcycle gang clubhouses were searched across the state. Four men were arrested and charged with drug offences, including possession and cultivation. One of the men was also charged with firearms offences. Australian Taxation Office (ATO) notices related to debts to the ATO of more than \$270,000 were served on two persons.

*Police search outlaw motorcycle gang clubhouse in Tasmania.*



*Police located cannabis during the execution of search warrants in Tasmania.*



## Ovcharka *(transnational organised crime)*

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Operation Ovcharka was established to investigate a potential drug importation from Asia for supply to the Australian market. In January 2016 four people were charged by the New South Wales Joint Organised Crime Group for their alleged involvement in the importation and manufacture of 720 litres of methamphetamine concealed in bra inserts and art supplies. This seizure had the capacity to produce 504 kilograms of crystal methamphetamine (ice). This was the AFP's largest seizure of methamphetamine in 2015–16 and largest seizure of liquid methamphetamine to date.



The Joint Organised Crime Group seized 720 litres of liquid methamphetamine concealed in bra inserts.

## Pimpana *(proceeds of crime – illicit drugs)*

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In 2014 the AFP commenced Operation Pimpana, a criminal investigation into persons attempting to import border-controlled drugs into Sydney.

In 2015 the Criminal Assets Confiscation Taskforce (CACT) commenced a proceeds of crime investigation regarding suspicious cash deposits into a company related to persons of interest identified during Operation Pimpana. Inquiries by CACT identified further bank accounts which had been receiving significant amounts of un sourced funds over a one-year period.

In April 2015 an individual was arrested by the AFP as part of Operation Pimpana. The total cash seized following the execution of search warrants was approximately \$4.1 million. The individual was later convicted of money-laundering offences.

CACT successfully applied for restraining orders against the identified company bank accounts and the seized cash from the search warrants.

In January 2016 CACT obtained forfeiture orders under the *Proceeds of Crime Act 2002* over the restrained bank accounts and approximately \$250,000 was forfeited to the Commonwealth. In June 2016 further forfeiture orders were obtained by CACT over the cash seizure, resulting in \$4.1 million being forfeited to the Commonwealth.

This case demonstrates CACT's ability to disrupt, deter and reduce serious and organised criminal activity by taking the profits out of crime.

Cash seized during execution of Operation Pimpana search warrant



### Piscine Dollars (people-smuggling)

Operation Piscine Dollars was an investigation into the activities of Hosiene Mohamed, who attempted to assist seven non-citizens to enter Australia on board an illegal maritime venture.

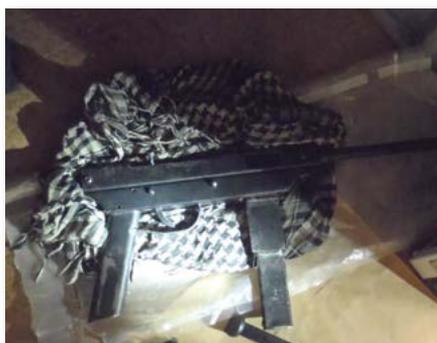
On 21 January 2014 Hosiene Mohamed was arrested in Germany pursuant to an INTERPOL Red Notice and subsequently extradited to Australia. On 19 June 2014 Mohamed was arrested in Australia and charged with an aggravated people-smuggling offence contrary to section 233C of the *Migration Act 1958*.

On 26 February 2016 Hosiene Mohamed was found guilty and later sentenced to 10 years imprisonment with a non-parole period of 7 years 6 months.

### Rage 1 (illicit drugs)

Operation Rage 1 which commenced in August 2015, was a Western Australia National Anti-Gangs Squad investigation that located approximately 200 grams of dexamphetamine, 20.9 kilograms of methamphetamine, \$570,000 cash, 13 firearms, including a sawn-off shotgun and semi-automatic pistols, and two ballistic vests. Four persons were charged with 43 offences.

The Western Australia National Anti-Gangs Squad located a number of firearms during the execution of a search warrant.



### Rage 3 *(transnational organised crime – illicit drugs)*

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Operation Rage 3 was a collaboration between the AFP-led National Anti-Gangs Squad, the Australian Crime Commission, Western Australia Police and New South Wales Police Force targeting an Asian organised crime syndicate allegedly trafficking drugs from Sydney to Perth. As a result of this operation, the AFP located and seized firearms, 21.5 kilograms of methamphetamine and a quantity of cash. Four men were charged in Perth with drug-related offences.

Operations Rage 1 and 3 have had a significant impact on local OMCG activity.



*Items located at a clandestine drug laboratory in New South Wales*

### Ripstop *(child protection)*

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In 2015 the AFP Western Australia Joint Anti Child Exploitation Team provided considerable assistance to an investigation led by Western Australia Police into a paedophile ring. This partnership was instrumental in the victim's father and seven ring members being charged with over 500 sexual offences against the victim and child pornography offences.

Over the past 12 months several of the offenders have been sentenced, including the father of the victim. The father received a sentence of 22 years 6 months, with two other members receiving sentences of 3 years and 12 years. Western Australia Police is seeking to seize the residential property from the father (worth \$400,000) as it was used in the offending. There are four more offenders still before court.

Post-arrest analysis indicated that a number of other offenders were involved in the matter, which has resulted in subsequent arrests.

## Rising *(national security)*

Operation Rising was conducted by the Joint Counter Terrorism Team Melbourne and focused on the activities of a group alleged to be planning a terrorist attack in Australia. On 18 April 2015 seven search warrants were conducted.

During the 2015–16 financial year, one prosecution in relation to this matter was finalised. On 15 December one man pleaded guilty to:

- ▶ 19 counts of ‘Importation of Tier 2 Goods’, contrary to section 233BAB, *Customs Act 1901* (Cth)
- ▶ three counts of ‘Possess Prohibited Weapon’, contrary to section 5AA, *Control of Weapons Act 1990* (Vic).

For the Commonwealth offences, he was sentenced to 12 months imprisonment, to be released after serving 175 days and to be of good behaviour for 12 months, with a \$1000 recognisance. As he had served 177 days in pre-sentence detention, he was released immediately.

For the Victorian offences, he was sentenced to a 12-month Community Corrections Order to be under supervision and to attend mental health treatment as recommended.

One prosecution in relation to this matter is ongoing. One further person was subject to a control order until 10 September 2016.

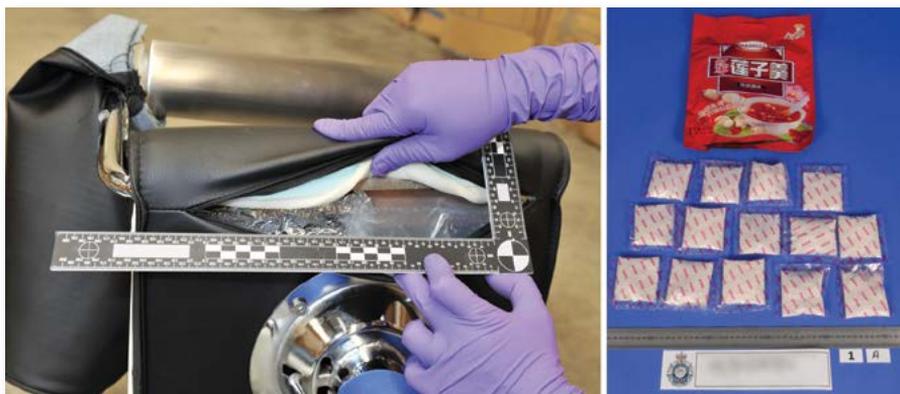
## Serpia *(transnational organised crime)*

On 6 and 7 January 2016 Australian Border Force officers inspected three sea freight containers that arrived in Sydney from China. The containers held a number of bar stools and boxes of soup packets. The Australian Border Force detected the presence of drugs and referred the matter to the AFP. Once deconstructed, the bar stools were found to contain a total of 159 kilograms of crystal methamphetamine concealed within the seat cushions. A further 340 kilograms of ephedrine were found concealed in the soup mix packets.

AFP Operation Serpia successfully disrupted the organised crime syndicate responsible for the shipment. Four people were arrested and charged.

*One of the bar stools that concealed a total of 159 kilograms of methamphetamine*

*One of the soup mix packets that concealed a total of 340 kilograms of ephedrine*



## Shenzi *(transnational organised crime – illicit drugs)*

Operation Shenzi was initiated in late April 2016 when intelligence from the Australian Border Force identified suspicious vessels off the Western Australian coast. A vessel was intercepted and investigations by the Western Australia Joint Organised Crime Taskforce identified the location of members of a shore party who were suspected of being in possession of methamphetamine from the vessel

After extensive investigations, searches were conducted in Perth which resulted in the location of an initial 132 kilograms and a further 50 kilograms of crystal methamphetamine.

The operation resulted in six Malaysian and eight Hong Kong Chinese nationals, including the vessel crew and shore party, being charged with importing a commercial quantity of a border-controlled drug contrary to section 307.1(1) of the *Criminal Code Act 1995*.



*China-registered vessel carrying methamphetamine*



*Crystal methamphetamine seized during Operation Shenzi*

### Toretto (*money-laundering – illicit drugs*)

Operation Toretto (under Operation Zanella) was established to investigate money-laundering. Officers seized \$741,000 of sealed Australian currency, along with approximately 63 kilograms of methamphetamine. Two men were charged with dealing in the proceeds of crime. One of the men was also charged with possession of a commercial quantity of border-controlled drugs.

*Clip-seal bags, each containing approximately 1 kilogram of methamphetamine seized during execution of Operation Toretto search warrants*



### Vianden (*national security*)

Current trends show that the age of individuals involved in terrorism is getting younger. Youths as young as 14 who do not have criminal records or strong links to known terror networks are being groomed online by terrorist organisations. It is a concern that people so young are susceptible to extremist ideologies and are willing to carry out criminal acts that attract significant penalties. This presents a new challenge for security and law enforcement agencies.

On 22 April 2016 the Joint Counter Terrorism Team, Sydney Office, was provided with information about the online activities of a young person via his social media applications, wherein he expressed a desire to conduct ‘an attack’ in Australia on or before Anzac Day. This was just one of an increasing number of extremist individuals seeking to target nationally significant days of commemoration.

The increasing use of the internet for terrorist purposes, including radicalisation, training, financing and coordinating attacks, is of concern to the AFP. Social media has proven to be a very powerful tool for extremists to spread propaganda, with sophisticated social media strategies targeted specifically at our youth. In this environment the AFP is seeing shorter times between radicalisation and action, dramatically reducing the time available to authorities to effectively respond to threats.

The technical environment is becoming increasingly complex and poses a persistent and evolving challenge for law enforcement. In the investigation into the young person making threats on social media the Joint Counter Terrorism Team was assisted by the implementation of a Joint Counter Terrorism Team online capability.

On 24 April 2016, as a result of the effectiveness of cooperation between the AFP and domestic and international partners, officers from the Joint Counter Terrorism Team, Sydney Office, arrested the 16-year-old teenager and charged him with ‘do act in preparation/planning for a terrorist act’ contrary to section 101.6 of the *Criminal Code Act 1995*. This offence carries a maximum penalty of life imprisonment.

## Protection example

### Anzac Day 2016 (*protection*)

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Anzac services were held overseas, notably in Turkey and France. The AFP continues to have a presence overseas at these and related services, providing operational security advice to Australian Government agencies involved in the Anzac Day activities and support, where possible, to the local law enforcement agencies. This involves liaison and negotiation with local authorities to achieve the best possible secure environment for visiting Australian dignitaries and the Australian public.

AFP members attended services held at the Australian and New Zealand commemorative sites, Anzac Cove, Lone Pine and Chunuk Bair on the Gallipoli peninsula in Turkey. The AFP also deployed to France for the services at Villers Bretonneux and Bullecourt. This year marks the centenary of the Western Front battles in France; during 2016–18 centenary services will be held in Fromelles, Pozières and Le Hamel.

The AFP undertakes significant planning for the Anzac services, including extensive liaison with law enforcement counterparts before the events to ensure security expectations are met.

## Taskforces

### Taskforce Blaze *(transnational organised crime)*

Complementing the Australian Government's National Ice Taskforce and its recommendation to strengthen international engagement to address the supply of crystal methamphetamine (ice), the AFP has dedicated considerable effort to engage with agencies countering illicit drugs in identified source and transit countries.

As a result, the AFP in China negotiated with the Chinese National Narcotics Control Commission to establish Taskforce Blaze to investigate organised criminal syndicates responsible for the exportation of ice to Australia.

Since its inception in November 2015, Taskforce Blaze has prevented 3 tonnes of precursor, 212 kilograms of crystal methamphetamine, 16 kilograms of liquid methamphetamine and 680 kilograms of ecstasy from potentially reaching Australian shores.

In addition, Australia-based operations have resulted in the seizure of 1.4 tonnes of crystal methamphetamine and 341 kilograms of ephedrine.

*China – methamphetamine seized as a result of Taskforce Blaze*



### Taskforce Integrity

As part of the Strengthening the Integrity of Welfare Payments 2015 Budget measure, Taskforce Integrity was officially launched in November 2015. The taskforce's aim is to change localised cultures of non-compliance and welfare fraud and to positively influence customer behaviour.

The AFP is supporting the Department of Human Services (the department) by seconding an Assistant Commissioner to the department to lead the taskforce, and by providing other key resources. The department-run taskforce draws on capability from across both the department and the AFP to identify and target geographic areas where data analysis points to a higher risk of non-compliance and suspected welfare fraud.

Since the taskforce was established, up until 30 June 2016 it has undertaken 12,968 customer compliance reviews, raised over \$19.6 million in debts to the Commonwealth and identified and progressed 135 cases of suspected welfare fraud for further investigation.

## Serious Financial Crime Taskforce

The AFP-led Serious Financial Crime Taskforce (SFCT) commenced in July 2015, bringing together resources from the Australian Taxation Office, the Australian Crime Commission, the Attorney-General's Department, the Australian Transaction Reports and Analysis Centre, the Australian Securities and Investments Commission, the Commonwealth Director of Public Prosecutions and the Australian Border Force.

In the 12 months since the commencement of the SFCT, \$10.534 million in undue wealth has been recovered by the SFCT and returned to the Commonwealth.

In June 2016 the SFCT recorded the following two convictions:

- ▶ A 55-year-old former insurance company director who used a web of offshore entities in Vanuatu to conceal approximately \$4.5 million in income from the Australian Taxation Office was convicted and sentenced to five years imprisonment with a non-parole period of two years for failing to declare income in his income tax return.
- ▶ A 61-year-old former financial adviser was convicted of tax fraud offences totalling over \$700,000 and sentenced to five years and nine months imprisonment with a non-parole period of two and a half years.

The SFCT is leading the Australian Government response to the 'Panama Papers' data leak. The taskforce has established a coordinated approach to investigate Australia-based promoters, intermediaries and participants who have utilised Panama-based offshore service provider Mossack Fonseca to conceal wealth. Due to the wide-reaching international linkages, the SFCT has been engaging with international partner agencies to ensure a coordinated response.



*The Serious Financial Crime Taskforce is a multi-agency initiative targeting serious financial crime within Australia and overseas.*

### Taskforce Storm *(transnational organised crime)*

Taskforce Storm, established in Thailand in May 2016, reaffirms the AFP's commitment to working with the Royal Thai Police, the Office of Narcotics Control Board, the Department of Special Investigation and the Anti-Money Laundering Office to defeat many forms of transnational organised crime.

*Commissioner Colvin after signing the joint agency agreement with Thai counterparts to establish Taskforce Storm, Thailand, 30 May 2016*



### Strikeforce Dragon *(transnational organised crime)*

The June 2016 establishment of Strikeforce Dragon in Cambodia, which has been identified as a 'transportation hub of growing importance for heroin and methamphetamines', further illustrates the AFP's dedication to enhancing international cooperation with source and transit countries of methamphetamine and other drugs. Strikeforce Dragon brings together the General Commissariat of Cambodian National Police, the General Department of Immigration and the AFP to target illicit drug-trafficking and money-laundering.

This enhanced regional approach to combating transnational crime will strengthen the fight against sophisticated crime syndicates.

### Trade Union Joint Police Taskforce

In October 2014 the Australian Government announced the establishment of a joint police taskforce to investigate conduct uncovered by the Royal Commission into Trade Union Governance and Corruption. The government extended the taskforce from 1 January 2016 for a period of 12 months. Coordinated by the AFP, the taskforce comprises AFP and state police teams in New South Wales, Queensland and Victoria, each led by an officer of the relevant state police force. A team within the police taskforce was also established in the ACT. The Trade Union Royal Commission referred 34 criminal matters to the taskforce within its 2015 final report, the majority of which relate to state-based offences, particularly bribery, extortion and blackmail.

## Joint organised crime taskforces

### New South Wales

Since 1 July 2015 the New South Wales Joint Organised Crime Group has arrested 19 people and laid 36 charges, related predominantly to the importation and possession of imported crystal methamphetamine (ice) and possession of cash suspected of being the proceeds of crime.

The Joint Organised Crime Group seized approximately 690 litres of liquid methamphetamine, approximately 661 kilograms of methamphetamine and \$2,006,740.

### Queensland

From 1 July 2015 to 30 June 2016 the Queensland Joint Organised Crime Taskforce arrested 17 persons in relation to 49 state and Commonwealth charges. The majority of these arrests were in relation to importing border-controlled substances and weapons, as well as drug and weapons supply and trafficking.

### Victoria

Since 1 July 2015 the Victoria Joint Organised Crime Taskforce has arrested 19 people and laid approximately 70 charges, including the arrest and charging of five persons involved in the laundering of \$10 million to China. Charges laid relate mainly to importing, possessing and trafficking border-controlled drugs contrary to both state and Commonwealth legislation. Other charges included proceeds of crime offences. Drugs seized included 365 kilograms of methamphetamine, 10 kilograms of cocaine and 11 kilograms of heroin. The Victoria Joint Organised Crime Taskforce restrained and sought forfeiture on \$1.188 million.

### Western Australia

In the 2015–16 financial year the Western Australia Joint Organised Crime Taskforce executed 45 search warrants, laid 64 charges against 36 offenders and seized 250.8 kilograms of methamphetamine.

## Joint waterfront taskforces

### Polaris

Since 1 July 2015 the Sydney Polaris Joint Waterfront Taskforce has arrested 26 persons, with approximately 160 charges laid. Most of these charges relate to illegally importing tobacco and border-controlled drugs. The work of the Polaris Taskforce in 2015–16 resulted in the restraint of \$67,655 and forfeiture of over \$6 million. Seizures include 78.5 kilograms of molasses, over 53 million cigarette sticks and nearly 30 kilograms of methamphetamine.

### Trident

Since 1 July 2015 the Melbourne Trident Taskforce has made five arrests and laid 20 charges for the importation and possession of border-controlled drugs. Trident seized 31 kilograms of crystal methamphetamine. Trident provided information to the Operation Spectra Tobacco Strike Force which resulted in the restraint of \$6 million. A number of persons were also charged with offences within the maritime security zones. Trident continues to work with industry partners to identify and report on vulnerabilities on the waterfront. Trident is a member of Shipping Australia, which provides access to a broad stakeholder base.

## Capability initiatives

### Facial identification capability

The facial identification capability is a rapidly evolving and emerging technology within the forensic field. Over the past 12 months the AFP Forensics Facial Identification Team has been building and testing new technology and refining its skills to provide assistance in multiple AFP operations. The capability has been used by a wide spectrum of areas including Counter Terrorism, G20, Missing Persons, ACT Policing and Fraud and Anti-Corruption.

The new Facial Recognition System has assisted in a number of high-level counter-terrorism operations in identifying unknown foreign fighters and providing significant links to three other counter-terrorism operations.

At a local level the Facial Recognition System was used to assist ACT Policing in identifying three individuals involved in a 'grow house' operation. Images of the individuals were supplied to the Facial Identification Team, which was able to make an identification which led to a conviction.

The new AFP forensics facility includes a state-of-the-art facial identification laboratory and workspace that will enhance and expand the growing AFP facial identification capability.

*Facial reconstruction  
conducted by the Facial  
Identification Team*



## Imagery and geomatics capability

The Imagery and Geomatics Team provides a specialist search and imagery capability to investigational areas of the AFP at search warrants and crime scenes. Using a cache of specialised detection and imagery equipment, the team is able to assist the AFP in the detection of concealed items and the capture and production of imagery products.

To date the team has attended in excess of 250 search warrants and crime scenes in support of areas such as ACT Policing, National Anti-Gangs Squad, Joint Organised Crime Taskforce, Joint Anti Child Exploitation Teams, Counter Terrorism and Joint Taskforce Icarus.

The team has successfully located caches of concealed items that previously would not have been located, including quantities of cash, firearms, ammunition, explosives, drugs and electronic devices such as mobile phones, SIM cards, USBs, portable hard drives, memory cards and documents.

The operational importance of this growing capability has seen members of the Imagery and Geomatics Team placed within the Sydney and Melbourne regional offices. The team is continuing to develop and expand its capabilities to better assist with the detection and recording of evidence.

## National Forensic Rapid Lab

The National Forensic Rapid Lab (NFRL) was established in 2013 to undertake rapid, targeted forensic processes upon suspected illicit commodities that are shipped into Australia via the international mail system. The NFRL provides actionable intelligence to investigators and informs operational activities to prevent, disrupt and detect importation and distribution of illicit and new psychoactive drugs. The success of the NFRL has been realised through collaborative partnership between the AFP, the Australian Border Force and the Australian Crime Commission.

Between March 2013 and June 2016 approximately 11,700 mail articles have been forensically examined; they contained in excess of 1,900 kilograms of drugs (563 kilograms in 2015–16). More than 280 different compounds have been identified, including approximately 170 new psychoactive substances.

The NFRL has also undertaken targeted examinations of identity documentation and firearms. Wider forensic infrastructure is used to further analyse the collected forensic material, including field and laboratory resources, with the results used to identify links between seizures.



*Sweat bands concealing illicit drugs located by the National Forensic Rapid Lab in a postal item*

## Capability Development Office

A new AFP Capability Development Office (CDO) was established in February 2016. The CDO is designed to centrally manage the AFP's longer-term, enterprise-wide capability development.

The CDO addresses organisational risk by standardising processes, establishing national consistency and driving the development and implementation of best practice. Formalised standards will inform support services so that they in turn produce optimal support that is relevant, proportionate and necessary for successful operations.

The Investigations Standards and Practices group, established in April 2014, is an integral part of the CDO. It is focused on promoting consistency, standards and quality in support of investigations across the AFP. The team has published standards for executing search warrants and for reviewing investigations and has standards and guides under development for a range of other investigative activities.

A key component of Investigations Standards and Practices is the regional investigation advisers who drive the development and implementation of best practice by providing real-time operational mentoring and tactical support, specifically for investigations where levels of risk and complexity are high.

## Information and communications technology

The AFP's enterprise ICT capabilities were consolidated with other elements of the AFP's ICT environment within the new Technology and Innovation function as part of the AFP's restructure. Through 2015–16, the new function continued existing work around reforming the AFP's ICT environment and identifying opportunities to better align operations with partner technical and specialist functions.

The function has maintained a strong focus on delivering efficiencies and adapting capabilities to business needs and available resourcing. This has complemented the ongoing implementation of current programs such as the Data Centre Transition Program, while preparing for the inception of major transformational programs in 2016–17. This suite of programs will ultimately evolve the capacity of the AFP to ensure that knowledge is available wherever it is needed, when it is needed, and leverage innovative developments in information integration, operational communications and continuous improvement.

## Regional capability and capacity development

### Jakarta Centre for Law Enforcement Cooperation

The Jakarta Centre for Law Enforcement Cooperation (JCLEC) supports the development of Indonesian and international transnational crime prevention and counter-terrorism capacity. In 2015–16, 1,799 persons from 39 countries and five international multilateral institutions participated in 77 capacity development and training activities. These activities were supported by a number of sponsors including the AFP, Department of Foreign Affairs and Trade, Attorney-General's Department, Department of Immigration and Border Protection and the Australian Border Force, as well as contributions from Canada, Denmark, the Netherlands, New Zealand, United States of America, United Kingdom, INTERPOL, United Nations Office on Drugs and Crime, Bali Process Regional Support Office and International Committee of the Red Cross.

Training included the Regional Executive Leadership Program, in partnership with the Australian Institute of Police Management, in August 2015 and the International Management of Serious Crime program in April 2016. These programs focused on enhancing executive leadership capability and the capacity to collaboratively counter terrorism and related threats in the international environment.

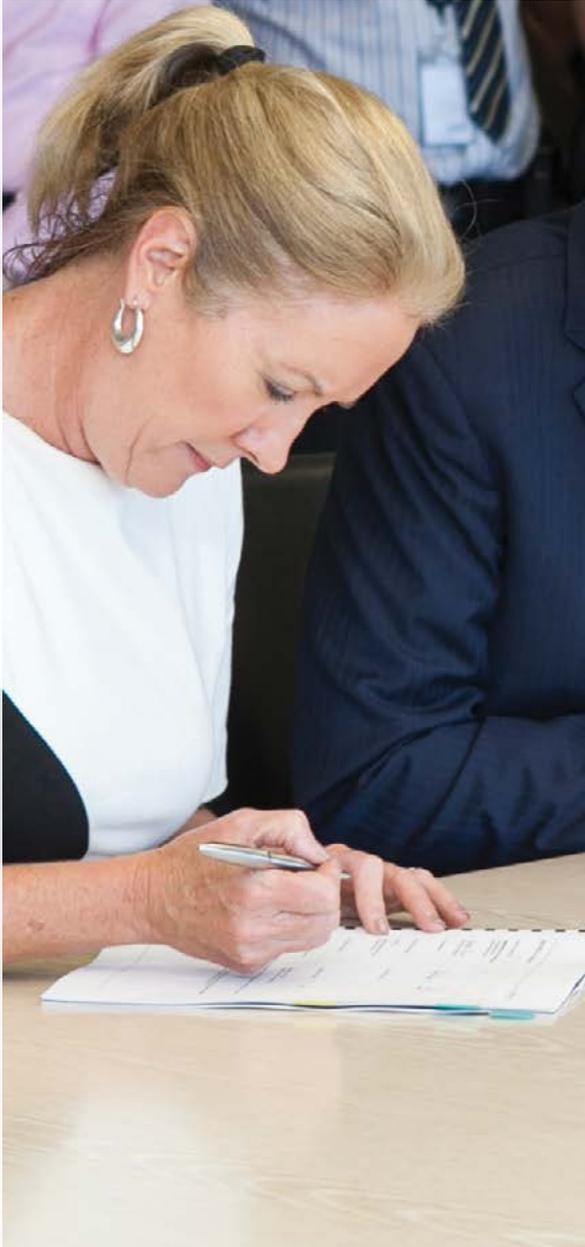
In September 2015 after almost 12 years of successful operation, a program of organisational renewal was commenced to ensure the JCLEC is prepared to meet the evolving needs of partners and sponsors, in particular those of its primary institutional partners, the AFP and the Indonesian National Police (INP). This program included the ratification of a new INP–AFP agreement on 1 March 2016, updating JCLEC governance arrangements and resource-sharing commitments (including increased resource commitments by the INP) and the revision of strategy to broaden JCLEC's focus on the development of regional and international law enforcement capacity, professional networks and interoperability.

With a well-established reputation for delivery and supportive relationships with partners and sponsors, JCLEC is confident of a successful future, ensuring it remains adaptable, flexible and innovative.



*An AFP Superintendent providing training to international police executives in the Regional Executive Leadership Program in August 2015*

## 5 Governance and accountability



The AFP's governance and accountability functions support the organisation's operations by providing financial management and governance frameworks, human resource management, professional development, support to the parliament and management of external accountability obligations.

This chapter contains the mandatory information required under the Public Governance, Performance and Accountability Rule 2014 concerning the financial performance, corporate governance, external scrutiny and people management practices operating within the AFP during the financial year 2015–16.

Where relevant, links are drawn between this material and the strategic initiatives and activities flagged in the AFP Corporate Plan 2015–19 and discussed at the end of Chapter 2.



*Signing of diversity review contract by Ms Broderick and Commissioner Colvin*

## Governance and accountability

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## Financial performance

The AFP's \$1,298 million departmental operating income for 2015–16 comprised \$1,006 million in government appropriation, \$161 million from the ACT Government for policing services and \$131 million in other revenue. In addition, the AFP received \$30 million in government appropriation for departmental capital expenditure and \$42 million in equity injections. The AFP also administered \$14 million in expenses on behalf of the government in 2015–16.

In 2015–16 the AFP reported a departmental comprehensive loss of \$123 million. Excluding the impact of unfunded depreciation of \$90 million, the AFP recorded a deficit for the year of \$33 million, less than 2 per cent variance from the original budget and reflecting no significant changes in financial results from the 2014–15 financial year. The deficit was driven in part by net valuation adjustments on leave liabilities of \$13 million. The result was achieved in the context of a successful year in which the AFP has delivered effectively for the government on national security, on international deployments and in meeting international aid responsibilities.

Audited financial statements showing the AFP's financial position are in Chapter 6. The agency resource statement is in Appendix D.

## Corporate governance

### 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. The AFP's updated Fraud Control and Anti-Corruption Plan was released in January 2016. The plan applies to all appointees, contractors and service providers and is consistent with the AFP's professional standards framework.

Fraud and corruption risks are reviewed regularly. The Strategic Leadership Group and the Audit Committee monitor progress on the implementation of the plan as part of their oversight and assurance roles.

More information on the AFP's professional standards framework and performance in controlling fraud and corruption risk can be found under 'External scrutiny' in this chapter and Appendix A.

### Corporate planning and reporting

The first four-year AFP Corporate Plan was published in August 2015, as required by the *Public Governance, Performance and Accountability Act 2013*. Progress and performance against the strategic initiatives and performance indicators detailed in the plan were reported during the year within the agency and can be found in Chapter 2 and Chapter 3 of this report.

The AFP was one of nine Commonwealth agencies subject to an audit of corporate planning by the Australian National Audit Office (ANAO) conducted during 2015–16. Results of that audit will be available during 2016–17.

### Internal audit

The AFP executive-endorsed annual Internal Audit Program was developed, taking into consideration risk assessments that identified the AFP's most significant potential vulnerabilities. The program was delivered using in-house and external resources. The AFP Audit Committee met six times and considered 17 internal audit reports during 2015–16.

The Audit Committee allocates responsibility for implementing internal and relevant ANAO audit recommendations to AFP business units. It also monitors progress through regular reporting. Relevant external audits are listed within the 'External scrutiny' section of this chapter.

## Portfolio Management Office

The AFP Portfolio Management Office, within the new Capability Development Office, centrally manages change initiatives (new policy proposals, projects and programs) to ensure they remain strategically aligned and will achieve the desired outcomes.

In 2015–16 the AFP's investment portfolio consisted of 53 change initiatives across a range of maintenance, enhancement and new capability activities. The 2015–16 financial year capital plan was approved by the Finance Committee. The Portfolio Management Office oversaw the delivery of \$100 million worth of projects.

## Risk management

As an operational law enforcement agency, the AFP embraces risk management as an integral part of its business. The safety and wellbeing of AFP personnel is the first and foremost consideration within the AFP's Strategic Risk Profile.

The AFP's risk management framework aligns with the Commonwealth Risk Management Policy and international standards. Risk management is embedded in AFP business planning, operations, procurement and contract management, and project management. Risk management features in the AFP Leadership Philosophy and is actively considered in internal resource allocation and investment decision-making.

During 2015–16 the AFP's risk management governance was further strengthened by:

- ▶ conducting in-house risk management training and updating materials for the AFP's induction courses and workshops
- ▶ refining guidance materials, including an updated AFP National Guideline on risk management and AFP Fraud Control and Anti-Corruption Plan, to further integrate risk management into business processes
- ▶ creating a new risk engagement model which provides more comprehensive risk analysis in support of decision-making and better-quality risk assessments and also assists to identify and manage shared risks and vulnerabilities
- ▶ fully engaging the Senior Executive Service cohort in developing and refining the AFP's understanding of the risk and threat environment and in driving the delivery of treatments to lower-risk ratings wherever possible
- ▶ implementing a consistent approach to communicating and reporting on risk and raising awareness of the importance of risk management across the organisation.

The AFP participates in the annual Comcover Risk Management Benchmarking Survey, which encourages agencies to adopt a best-practice approach to managing risk. As in previous years, entities select a risk maturity target that represents their aspirational state of risk management capability in the next 12 months. The AFP selected and achieved an overall target level of 'Integrated' risk management maturity.

## Security

The Security function within the AFP ensures the protection of staff, information and assets. This is achieved through the implementation of the Protective Security Policy Framework (PSPF) that enables the conduct of AFP operations in a secure environment. During 2015–16 the AFP successfully implemented 35 of the 36 mandatory PSPF requirements.

The AFP operates in a high-threat environment, with the terrorist threat level for police at probable. This means that ‘credible intelligence indicates that individuals or groups have developed both the intent and capability to conduct a terrorist attack against Police’.

In 2015–16 the Security function undertook additional security works, implemented armed guarding on AFP premises and increased security awareness training for AFP staff.

The Australian Government’s 2016–17 Federal Budget committed \$119.8 million of new funding over five years for the AFP to implement the necessary measures to prevent attacks against AFP personnel and facilities and to mitigate the impact of attacks if they occur.

The new funding will deliver an integrated total security solution for the protection of law enforcement personnel, with measures that include funding for enhancement of guarding at AFP facilities, upgraded physical and personnel security and a scoping study to explore enhanced technical and surveillance capabilities that could be deployed into the future.

## Business continuity planning

The AFP has business continuity plans in place for its functions and each of its key sites across Australia. The plans are exercised using three scenarios: loss of infrastructure, loss of ICT systems and loss of people.

Disaster recovery plans are also in place for critical ICT systems and services that support AFP operations. 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.

The AFP participates in the Commonwealth Business Continuity Community of Practice to share and implement better practice. The AFP recognises business continuity as one of its key strategic risks, and its management is reviewed by the AFP Audit Committee every six months.

## Strengthening professional standards

By providing a work environment in which professional standards are valued, opportunities for corrupt conduct are minimised and compliance with integrity measures are accepted and shared across the workforce.

The AFP is finalising a review of its Integrity Framework to ensure organisational integrity remains robust. With the complexity of the changing law enforcement environment, proactively engaging intelligence-led, risk-based strategies with regard to deterrence, detection and disruption of misconduct and corruption is pivotal for continued long-term success.

The AFP has provided support to the Australian Commission for Law Enforcement Integrity (ACLEI) and other Commonwealth agencies under ACLEI's jurisdiction in corruption prevention and investigations support when requested.

The AFP works closely with ACLEI, the Commonwealth Ombudsman's Office and the Australia New Zealand Policing Advisory Agency to share experience in the areas of recruitment and selection, recognising and treating integrity risks, understanding conflicts of interest and ensuring confidence in reporting mechanisms and complaint management. Representatives from ACLEI and the Commonwealth Ombudsman's Office continue to present at a range of AFP training programs.

A range of educational programs were provided during the year – for example, respectful workplace training, integrity and ethical decision-making workshops for Leadership on the Frontline participants, pre-deployment preparation and mentoring of recruits.

The AFP Drug Testing Program continues to be an important element of the AFP's Integrity Framework (Appendix A, Table A5). The AFP undertook a comprehensive review into its Drug Testing Program in 2015–16. The review will enable proactive prevention strategies to be developed around targeted testing for higher-risk groups. Drug-testing strategies are based on risk-modelling and improved detection, and optimal use of available resources.

The Professional Standards function assesses applicants for employment against the AFP character standards mandated in the AFP character guidelines. The guidelines define minimum standards for prospective applicants. Assessment of an applicant's character considers all available information and each applicant's ability to comply with the AFP's professional standards in both an official and private capacity. The guidelines contribute to meeting community expectations that all AFP appointees' behaviour is at the highest level of integrity.

## Strategic policy

During 2015–16 the AFP engaged in the federal budget and confiscated assets account processes, securing funding to:

- ▶ enhance the AFP's cyber security capability to support Australia's Cyber Security Strategy
- ▶ implement critical security measures to reduce the risk of attacks against AFP facilities and personnel
- ▶ establish Phase 1 of the AFP's Unified Operational Communications initiative, which will develop a new operational communications solution to meet existing operational demands
- ▶ secure additional investigative resources for the AFP to consolidate and enhance the success of the AFP-led Fraud and Anti-Corruption Centre
- ▶ develop a big data visualisation capability which will provide a solution to analyse lawfully intercepted material integrated with other law enforcement information held by the AFP
- ▶ transfer the AFP's second data centre to a commercial facility, consolidating existing information and technology support systems.

The AFP worked with partners to contribute to whole-of-government and law enforcement initiatives by leading the AFP's contribution to:

- ▶ the National Ice Taskforce final report and National Ice Action Strategy, including by providing a seconded member to the taskforce, which was led by the Department of the Prime Minister and Cabinet
- ▶ the development of Australia's Cyber Security Strategy
- ▶ the preparation of Australian resolutions passed at the United Nations General Assembly Special Session on the World Drug Problem
- ▶ the merger between the Australian Crime Commission and CrimTrac to form the Australian Criminal Intelligence Commission
- ▶ a review of the Australia and New Zealand Policing Advisory Agency, informing the strategic direction of the agency to ensure tangible outcomes for its members, including cross-jurisdictional benefits
- ▶ the whole-of-government response to the review of the *Australian Crime Commission Act 2002*.

During 2015–16 the AFP also formulated advice to the National Security Committee of Cabinet on critical matters of national security and provided secretariat support to internal strategic forums which focus on the future direction and strategic issues for the AFP.

## Legislative reform

To support the government's law reform proposals and to represent the AFP's interests in law reform, the AFP provided input into legislative review and reform processes related to criminal law and law enforcement.

This work enabled the AFP to shape and influence a range of significant reforms to support Commonwealth policing and the Australian Government's commitment to combating transnational and financial crime, including the:

- ▶ *Crimes Legislation Amendment (Powers, Offences and Other Measures) Act 2015*, which strengthened the AFP's ability to pursue serious drug offenders, particularly in relation to the importation of precursors
- ▶ *Crimes Legislation Amendment (Proceeds of Crime and Other Measures) Act 2015*, which removed barriers to the progression of non-conviction-based forfeiture applications, introduced two new false accounting offences and improved the ability of law enforcement agencies to disrupt the supply of illicit drugs such as 'ice'
- ▶ AFP Amendment (Workplace Drug Testing and Other Measures) Regulation 2015, which ensured the AFP staff drug-testing regime remains up to date and in line with contemporary practices.

Although parliamentary sittings were contracted this year, the AFP also made significant contributions to a number of Bills, including the:

- ▶ Counter-Terrorism Legislation Amendment (No. 1) Bill 2015, which introduced key measures to ensure the effective operation of existing preventative and risk mitigation mechanisms (such as control orders and preventative detention) while safeguarding accountability and existing requirements
- ▶ Transport Security Amendment (Serious or Organised Crime) Bill 2016 [Protections], which strengthened the regulatory framework pertaining to Australia's airports and seaports in order to reduce criminal influence.

# AFP expertise utilised in informing the law reform process through secondments

## Background of the CTLA (No. 1) Bill

The AFP worked with partner agencies and provided extensive input into the development of the Counter-Terrorism Legislation Amendment (No. 1) Bill 2015. The Bill reflects lessons learned from counter-terrorism investigations and operational activity in 2014–15 and sought to further strengthen Australia's national security laws.

The Bill introduced key measures which reflect the current fluid and evolving terrorism threat environment and the ever present need to balance mitigating the risk to community safety posed by an individual and allowing criminal investigations to continue. The Bill was introduced into parliament on 12 November 2015. Immediately following the Bill's introduction, the Attorney-General referred the Bill to the Parliamentary Joint Committee on Intelligence and Security (PJCIS) for inquiry and report.

## Secondment of AFP appointees to assist the PJCIS inquiry

In conducting its inquiry, the PJCIS received written submissions from interested stakeholders and conducted public and private hearings and a site inspection at AFP headquarters to receive expert briefings. Over the course of the inquiry, the AFP seconded two members to the PJCIS Secretariat as technical advisers. The seconded AFP members assisted the Secretariat with understanding the technical details of the proposed legislation. They also advised the Secretariat on operational impacts of the proposed legislation, as well as issues raised in submissions and at hearings.

## Outcomes

The secondment of AFP members to the PJCIS provides an example of the breadth of work undertaken by AFP Chief of Staff and demonstrates the AFP's commitment to supporting parliamentary oversight. Utilising AFP expertise was beneficial because policy and legal issues were placed in operational contexts at all stages of the legislative process, thereby contributing firsthand to the government's commitment to combating the threat of terrorism and keeping Australians safe.

## Discretionary grants

Information on grants that the AFP awarded during the period 1 July 2015 to 30 June 2016 is available at <https://www.afp.gov.au/about-us/governance-and-accountability/grants-awarded-afp>.

## Ecological sustainability

In 2015–16 the AFP Technology and Innovation function further improved the AFP's ecological sustainability referencing the Australian Government ICT Sustainability Plan 2010–2015.

Tranche 1 of the Data Centre Transition Program (DCTP) has ensured the continued consolidation of ICT equipment with the decommissioning, virtualisation and consolidation of servers and storage at Weston Data Centre. Business continuity and disaster recovery services have been migrated from the Weston Data Centre to a commercial data centre arrangement referred to as North Data Centre, in keeping with the Australian Government Data Centre Strategy 2010–2025. Production systems were migrated to the AFP's Primary Data Centre.

As a result of the DCTP activity:

- ▶ 71 per cent of servers have been decommissioned due to virtualisation
- ▶ 21 per cent moved to the North Data Centre
- ▶ 8 per cent moved to the Primary Data Centre.

Virtualisation is the simulation of actual hardware to allow software to run unmodified. This has a number of benefits as virtualised devices enable smooth scalability, reduce the carbon footprint and simplify disaster recovery. Costs are lowered because less physical hardware is required and savings can be made for incidentals such as electricity, downtimes and maintenance.

The physical footprint has been further reduced by the decommissioning of 79 per cent of storage rack space at the previous data centre before transitioning to new facilities.

The significant decommissioned percentage was achieved in conjunction with the Storage Area Network (SAN) Rationalisation Project. SAN is a high-speed network of storage devices that also connects those storage devices with servers.

As a further activity within the DCTP, over 2,000 hard disk drives were sanitised and handed to Green Box for recycling.

At the Primary Data Centre the sustained effort in reducing mechanical power consumption, combined with the commercial arrangement which replaced the Weston Data Centre, will achieve substantial power savings and a reduction of greenhouse gas emissions.



## External scrutiny

### Auditor-General reports

#### **Audit Report No. 30 – Management of the use of force regime**

The ANAO conducted a performance audit of the AFP's management of the use of force regime and recommended that the AFP:

- ▶ address data integrity issues and improve its analysis and internal management reporting of use of force incidents, complaints and injuries
- ▶ ensure that appointees are trained and assessed in operational safety skills in a nationally consistent manner, ensure that the biennial quality assurance review of training practices is conducted as required by the Commissioner's Order on Operational Safety and collect structured feedback from participants on the operational safety assessment process
- ▶ improve the collection and management of training workforce data and strengthen its arrangements for the maintenance of required training capability to underpin the effective delivery of the use of force regime
- ▶ strengthen arrangements to manage the issuance and removal of appointees' operational force equipment to ensure that the risk of inappropriate issuance or retention is effectively managed
- ▶ ensure that supervisors document their review of incident reports and any management action taken to demonstrate compliance with the requirements established under the Commissioner's Order on Operational Safety.

The AFP agreed with the five audit report recommendations and as a priority is addressing them through a range of cross-agency activities, projects and internal audit activity.

#### **Audit Report No. 37 – Cyber resilience**

The ANAO conducted a cross-agency performance audit of cyber resilience. The AFP was an active participant in this audit. The ANAO recommended that entities:

- ▶ establish processes to monitor patch levels across their enterprise ICT systems
- ▶ conduct periodic assessments on the effectiveness of information technology security controls across their enterprise ICT systems, decide on the optimal and/or desired ICT security posture and define strategies to achieve and maintain the desired ICT security posture
- ▶ capture and store audit logs for privileged user accounts and actively monitor privileged user accounts for unauthorised access and inappropriate behaviour, preferably with the support of a security information and event management tool.

The AFP agreed with the three audit report recommendations and has established programs of work to implement them.

## Australian Information Commissioner decisions

During 2015–16 the Office of the Australian Information Commissioner made six decisions concerning AFP freedom of information requests. Of the six published decisions, two provided the applicant with greater access to the documents, three AFP decisions were upheld and one AFP decision was varied but with no greater access to documents.

## Commonwealth Ombudsman report

### Reviews of AFP complaint management

Division 7 of Part V of the AFP Act requires the Commonwealth Ombudsman to conduct at least one annual review of the AFP's administration of Part V of the AFP Act and report to parliament on the results of any such reviews.

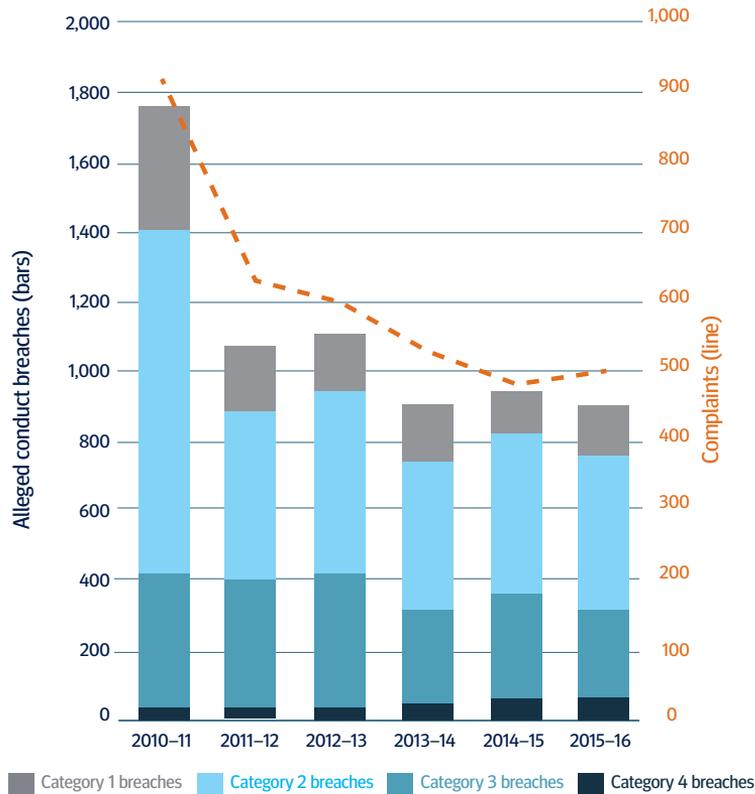
During the year the Ombudsman reported findings from 2014–15. Overall, the Ombudsman found that the AFP has a comprehensive administrative framework governing the management of complaints it receives from members of the public and AFP appointees, and that it administers this framework fairly and reasonably. The findings of the Ombudsman's 2015–16 review is expected to be finalised and published by the Commonwealth Ombudsman in early 2017.

## Complaint management

In 2015–16 the AFP received a total of 494 complaints – a 4 per cent increase on the previous reporting period figure of 477. The number of new alleged breaches of the AFP Code of Conduct resulting from these complaints was 908, 3 per cent lower than the corresponding figure for 2014–15 (934). Historical context is provided in Figure 5.1 and further breakdowns, by category and type, are provided in Appendix A, Tables A1 to A7.

From August 2013 the AFP realigned its definition of corruption to sit under the *Law Enforcement Integrity Act 2006*. This broader definition now encompasses a wider selection of matters and resulted in a larger number of complaints coded as corruption.

Figure 5.1 Trend in the number of complaints and alleged breaches, 2010–11 to 2015–16



Note: Category 1 is the least serious. More detail is in Appendix A.

## Freedom of information: Information Publication Scheme

Under Part 2 of the *Freedom of Information Act 1982* the Information Publication Scheme (IPS) requires Australian Government agencies subject to the Act to publish a broad range of information on their public website. The IPS underpins a pro-disclosure culture across government and transforms the freedom of information framework from one that is reactive to individual requests for documents to one that is agency-driven.

The AFP's IPS web page is at <https://www.afp.gov.au/about-us/information-publication-scheme>.

## Judicial decisions and decisions of administrative tribunals

During 2015–16 there were no judicial decisions or decisions of administrative tribunals that have had, or may have, a significant impact on the AFP.

## Communications and community engagement

A number of significant communication milestones were achieved in 2015–16, most notably in the online and social media space. The AFP developed and implemented a new website as well as new sites for ACT Policing and National Missing Persons. The sites, which went live on 2 June 2016, have a flexible design optimised for access by mobile devices and meet Australian Government standards, particularly in relation to web accessibility. Close to two million users of the website were recorded over the 2015–16 financial year.

The AFP enhanced its social media presence during the year, utilising in-house video, photographic and design expertise to develop high-quality and compelling products which interact with the public on a broad range of topics including operational outcomes, recruitment campaigns and major events. The AFP Facebook page accumulated more than 292,000 likes, an increase of approximately 77,000 over the previous year. One AFP post, a video contribution to the global ‘running man’ challenge, reached 4.2 million people and prompted 74,000 comments, reactions and shares.

The AFP Twitter account and the Commissioner’s Twitter account have thousands of followers including journalists, policy makers and community members. Thirty videos were uploaded to the AFP’s YouTube channel during the reporting period.



In addition to enhancements to the AFP's online and social media presence, strategic communications support, as well as design and production capability, was provided to a range of initiatives and business priorities, including the promotion of recruitment opportunities for the AFP Graduate Program and Directions Program intakes.

In 2015–16, the Government and Communications function supported the delivery and promotion of community awareness campaigns including:

- ▶ National Missing Persons Week
- ▶ International Missing Children's Day
- ▶ Day for Daniel.

Further information about these campaigns is available at <https://www.afp.gov.au>

During the reporting period the AFP enhanced its internal news service, with a 25 per cent increase in the number of published internal stories aimed at advising and educating staff. The AFP's flagship publication *Platypus* continued to inform a national and international audience on matters of law enforcement significance in various formats including online, print and an app for Apple and Android.

AFP engagement with national and international media representatives remained a key approach to communicating with the Australian public. From 1 July 2015 to 30 June 2016 this included:

- ▶ 2,424 media inquiries
- ▶ 606 sets of talking points
- ▶ 179 media releases
- ▶ 23 media events.

Details of payments to advertising and market research organisations are provided in Appendix B, Table B1.

## Parliamentary committee reports

The AFP Chief of Staff function supported parliamentary scrutiny of proposed legislative amendments (including private members' or senators' Bills) and inquiries into the effectiveness of existing legislation. This was achieved through collation of AFP submissions, as well as contributions (where appropriate) to cross-agency submissions. It also included coordination of AFP appearances before parliamentary committees, including:

- ▶ Senate Economics References Committee inquiry into foreign bribery
- ▶ Parliamentary Joint Committee on Law Enforcement inquiry into illicit tobacco
- ▶ Parliamentary Joint Committee on Law Enforcement inquiry into human trafficking
- ▶ Senate Select Committee – Establishment of a National Integrity Commission
- ▶ Parliamentary Joint Committee on Intelligence and Security inquiry into the Counter-Terrorism Legislation Bill (No. 1) 2015
- ▶ Senate Economics References Committee inquiry into penalties for white collar crime
- ▶ Senate Legal and Constitutional Affairs Committee inquiry into the Criminal Code Amendment (Firearms Trafficking) Bill 2015 [Provisions]
- ▶ Senate Legal and Constitutional Affairs References Committee inquiry into the Family Law Amendment (Financial Agreement and Other Measures) Bill 2015
- ▶ Joint Standing Committee on Foreign Affairs, Defence and Trade's report on its inquiry into Australia's advocacy for the abolition of the death penalty.

## Independent reviews

The AFP provided submissions to a number of independent inquiries and reviews, including the:

- ▶ Independent National Security Legislation Monitor inquiries into additional safeguards for the control order regime and section 35P of the *Australian Security Intelligence Organisation Act 1979*
- ▶ Independent statutory review of the *Public Interest Disclosure Act 2013*
- ▶ Illegal Offshore Wagering Review (O'Farrell Review).

## Management of human resources

### Workforce overview

The AFP had 6,657 staff at 30 June 2016, including 3,481 sworn police, 2,491 unsworn staff and 672 protective service officers (one per cent below the corresponding figure in 2015). Forty-five per cent of AFP staff were located outside the ACT, including 284 staff overseas and 28 serving in Commonwealth external territories.

The gender ratio is consistent with last year (35 per cent female across all staff, 22 per cent female among sworn police). Further AFP staffing statistics are in Appendix C.

The AFP continued to see very low attrition rates during 2015–16. The AFP employee-initiated attrition rate for 2015–16 was 2.61 per cent. Attrition rates by sworn status are:

- ▶ sworn police – 1.75 per cent
- ▶ sworn protective service officers – 1.17 per cent
- ▶ unsworn staff – 4.22 per cent.

### Strategic workforce planning

In 2015–16 the AFP continued to develop and implement a number of strategic projects to enhance the AFP workforce capability and flexibility. The AFP:

- ▶ completed the first stage of the 2015–16 Program Atlas<sup>1</sup> roadmap, an integrated human resource management solution, and launched the Job Family Model, which lists the workforce into major professional groups and job roles
  - This model initiative originally commenced as part of the AFP Workforce Plan 2013–15 and is now the foundation to linking people capability with operational needs.
- ▶ expanded the Job Family Model to include qualifications, training, skills and licences against each job role
  - These will inform people strategy initiatives such as strategic recruitment, professional development, succession planning and career pathways.
- ▶ enhanced the human resources system and developed human resource governance to formalise temporary workforce movements
  - The recording of this information supports the AFP's capacity by showing in real time where our capacity actually is and informs the strategic understanding of the AFP's workforce movements.
- ▶ commenced scoping the 2016–20 AFP Workforce Plan, which is designed to identify and articulate our future staffing requirements and mix based on a premise of diversity of people and thinking.

<sup>1</sup> Program Atlas is a human resources project that aims to have the right person with the right skills in the right role at the right time.

## Industrial relations

### Senior Executive Service officers

The terms and conditions of employment of Senior Executive Service officers in the AFP are set by individual contract with the Commissioner.

### Australian Federal Police Award modernisation

The AFP Award determines the minimum standards to be provided for in the AFP employment framework. Over the course of the year the AFP has negotiated the updated terms and conditions of the AFP Award (2016).

### Executive Level Enterprise Agreement

The Australian Federal Police Executive Level Enterprise Agreement 2011 expired on 18 January 2015. A new agreement was negotiated during 2015 and endorsed by the executive-level workforce. The Executive Level Enterprise Agreement 2016–2019 was approved by the Fair Work Commission on 2 February 2016.

### Enterprise Agreement

The Australian Federal Police Enterprise Agreement expired on 8 March 2016. As of 30 June 2016, representatives from the Australian Federal Police Association, the Commonwealth and Public Sector Union, a number of independent bargaining representatives and the AFP have held 11 bargaining meetings.

Renegotiating the Enterprise Agreement provides the AFP with an opportunity to shape the terms and entitlements within the agreement so that they complement the AFP's broader organisational reforms.

The enterprise agreements can be viewed at <https://www.afp.gov.au>.



## Diversity and inclusion

During the reporting period the AFP Diversity and Inclusion Strategy 2016–2020 was developed. The strategy promotes the inclusion, respect and valuing of the inherent differences that appointees bring to the workplace by developing, implementing and reviewing strategies designed to include, recruit and retain members with diverse backgrounds.

While there are many diversity groups in the Australian community, the AFP specifically seeks to recognise the additional challenges faced by five groups in the workplace.

These are known as the AFP's priority diversity groups and comprise:

- ▶ women
- ▶ Aboriginal and/or Torres Strait Islander Australians
- ▶ lesbian, gay, bisexual, transgender and intersex (LGBTI) people
- ▶ people with disability (including mental health difficulties)
- ▶ people from culturally and linguistically diverse communities.

In recognition of the priority afforded to diversity and inclusion, the AFP retained its rating as the Top Public Sector Employer at the Australian Workplace Equality Index Awards, which acknowledge high performance for LGBTI inclusion.

Throughout the year the AFP's vibrant employee networks actively promoted diversity by celebrating major events and engaging a range of high-profile speakers to draw attention to key issues. With assistance from the AFP Gay and Lesbian Officers Network, the AFP showed its support for the LGBTI community by raising LGBTI rainbow flags at all ACT police stations on the International Day Against Homophobia, Transphobia and Biphobia.

The AFP Malunggang Indigenous Officers Network marked National Reconciliation Week with a powerful presentation by Susan Moylan-Coombs, Director of the Gaimaragal Group, which seeks to promote positive social change.

In support of the government's target of achieving 3 per cent Aboriginal and Torres Strait Islander representation in the Commonwealth public sector by 2018, the AFP continued its Directions Program Traineeship, providing career opportunities for 10 Aboriginal and/or Torres Strait Islander Australians in 2015–16. The AFP has set an organisational target of 2.5 per cent Aboriginal and/or Torres Strait Islander workforce representation by 2018 with a current representation rate of 1.6 per cent (Appendix C, Table C7 and Table C8).

*Assistant Commissioner  
and Gay and Lesbian Liaison  
Officers Chair with the  
AFP's Top Public Sector  
Employer award*

*Colouring-in  
competition entries  
– NAIDOC Week 2015*



## Review of workforce diversity

In 2015–16 the AFP took significant steps to advance diversity within the organisation, including through the year-long engagement of former Australian Sex Discrimination Commissioner, Elizabeth Broderick, to undertake a review and make recommendations on gender, diversity and inclusion in the AFP. Ms Broderick has undertaken extensive research into diversity within the organisation, with a particular focus on gender, and will soon make recommendations to the AFP on the most appropriate means of promoting gender, diversity and inclusion in the organisation. For a further six months, she will support the organisation as it implements recommendations, complementing new and ongoing initiatives that will be delivered in 2016–17 under the soon to be endorsed AFP Diversity and Inclusion Strategy 2016–2020.

## Performance management

In response to feedback received in the 2015 All Staff Survey and subsequent focus groups, the People Strategies Advisory Team led the organisational transition from a biannual to an annual performance management cycle and performance being managed by exception. Underpinning this change is an emphasis on the need for continuous conversations and professional development.

## Senior Executive Service remuneration

A new Senior Executive Service (SES) remuneration structure was implemented from 1 July 2015, with key changes including the removal of SES performance pay and the introduction of an increment-based remuneration framework for all SES employees.

## Recruitment

In late 2015 the AFP introduced a number of gender diversity targets. These include: 50% female total workforce representation within ten years, 35% female Sworn Police and Protective Service Officer representation within five years, and 50% increase in the number of females in leadership positions within three years.

During the reporting period the Recruitment Team focused on the review of relevant governance instruments and selection processes in order to further promote the application of merit-based selection processes and achievement of AFP diversity and inclusion targets.

A new AFP Practical Guide on independent selection advisory panel process was published which better informs AFP appointees of their obligations regarding the creation, implementation and role of an independent selection advisory panel process. This practical guide supports mandatory training for AFP appointees who participate in

an independent selection advisory panel. Recruitment has also delivered improvements to external recruitment systems aimed at ensuring that potential applicants better understand the inherent requirements of AFP roles with a view to making informed decisions about proceeding with an application for AFP employment.

## Disability reporting

Since 1994 non-corporate Commonwealth entities have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08 reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service reports and the APS Statistical Bulletin. These reports are available at <http://www.apsc.gov.au>. From 2010–11 entities have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. The first of these progress reports was published in 2014 and can be found at <https://www.dss.gov.au>.

## Work health, safety and rehabilitation

AFP Safety and Protocol has responsibility for work health, safety and rehabilitation of members and delivers the Organisational Health Program in conjunction with Medical Services and Wellbeing Services.

Throughout the year the Work Health, Safety and Rehabilitation Team conducted a number of audits of its rehabilitation management systems, which showed a 92 per cent conformance rate against the *Work Health and Safety Act 2011*. To assess compliance with the Act and its supporting Regulations, the AFP conducted audits of its work health and safety management systems, revealing a compliance rating of 80 per cent.

To ensure the health and safety of all workers, emergency management advice, training and exercises were delivered to staff in four new AFP facilities during 2015–16.

The AFP's early intervention program assists members who have sustained minor injuries, no time off work and minimal costs. The value of the program has been demonstrated by an 11 per cent decrease in claims submitted to Comcare compared with the previous financial year.

### Work health and safety legislative reporting requirements

During 2015–16 the AFP notified Comcare of 46 incidents under section 38 of the *Work Health and Safety Act 2011*. The AFP did not receive any provisional improvement notices. There were no formal investigations by Comcare. No notices were issued pursuant to Part 10 of the *Work Health and Safety Act 2011*.

# Procurement and purchasing

## Procurement

The AFP applies the Commonwealth Procurement Rules when procuring property and services, including consultancies. The rules are applied to activities through the Commissioner's Financial Instructions with supporting guidelines.

The AFP has a centralised procurement and contracting team that actively promotes and focuses on compliance. In 2015–16 the AFP conducted a number of major tender processes including Supply of Uniforms, Property Services, Mailroom Services, International Freight, Accommodation, Catering and Grounds Services, and Design, Survey, Monitoring and Evaluation Services.

Information on the value of contracts, including consultancies, is available at <https://www.tenders.gov.au/>. The Senate Order on departmental and agency contracts is available on the AFP's website via a link to AusTender.

In 2015–16 the AFP entered into 14 contracts of \$100,000 or more which did not provide for the Auditor-General to have access to the contractor's premises. These contracts are detailed below.

Table 5.1 Contracts without Auditor-General access, 2015–16

Name of vendor	Purpose of contract	Value of contract	Reason
Hollinrake Pty Ltd	Property lease Brisbane – Qld	\$40,063,556	The AFP accepted the vendor terms.
Macquarie University	Brice Steele Scholarship	\$114,189	The AFP accepted the vendor terms.
Optus Networks Pty Ltd	Provision of satellite services	\$261,278	The AFP accepted the vendor terms.
Puma Energy PNG Ltd	Estimated expenditure on supply of fuel – PNG	\$220,000	The AFP accepted the vendor terms.
ISS Global Ltd	Provision of licence and maintenance agreement	\$164,555	The AFP accepted the vendor terms.
Telstra Corporation Ltd	Provision of telecommunications infrastructure	\$152,075	The AFP accepted the vendor terms.
LEG Consulting LLC	Provision of ICT review services	\$109,091	The AFP accepted the vendor terms.
Telstra Corporation Ltd	Supply and installation of mobile communications	\$250,800	The AFP accepted the vendor terms.
Trustee for Secure Kings Unit Trust	Property lease Melbourne – Vic.	\$247,807	The AFP accepted the vendor terms.
Jewel Properties (Aust) Pty Ltd	Property lease Mascot – NSW	\$857,569	The AFP accepted the vendor terms.
Telstra Corporation Ltd	Communication site licence agreement – CI	\$303,326	The AFP accepted the vendor terms.
Telstra Corporation Ltd	Communication site licence agreement – ACT	\$279,516	The AFP accepted the vendor terms.
Australia Post	Provision of general postal services	\$435,000	The AFP accepted the vendor terms.
Ernst and Young	Expert analysis – forensic accounting	\$300,000	The AFP accepted the vendor terms.

## Consultancies

During 2015–16 the AFP entered into 29 new consultancy contracts. The total actual expenditure on new consultancy contracts in 2015–16 was \$1,224,410 (GST included). In addition, 19 ongoing consultancy contracts were active in 2015–16, involving a total actual expenditure of \$406,309 (GST included). Information on the value of individual contracts and consultancies is available on the AusTender website.

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 decisions to engage consultants were made in accordance with the *Public Governance, Performance and Accountability Act 2013*, Commonwealth Procurement Rules and relevant internal policies.

Table 5.2 Expenditure on consultants, 2013–14 to 2015–16

	2013–14	2014–15	2015–16
New contracts entered into	33	31	29
Total expenditure (new and ongoing contracts)	\$1,669,358	\$1,334,617	\$1,630,719

### Exempt contracts

During 2015–16 the AFP did not publish on AusTender the details of 83 contracts with a total value of \$23,964,737 because the details would disclose exempt matters under the *Freedom of Information Act 1982*.

## Procurement initiative to support small business

The AFP supports small business participation in the Australian Government procurement market. Small and medium enterprises and small enterprise participation statistics are available on the Department of Finance’s website at <https://www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/>.

The AFP’s procurement practices support small business enterprises by promoting use of the Commonwealth Contracting Suite for low-risk procurements valued under \$200,000, encouraging the use of credit card payments for procurements valued under \$10,000 and setting the default terms of payment for small business through the accounts payable system to seven calendar days.

The AFP recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on Treasury’s website, <http://www.treasury.gov.au>.

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## 6 Financial statements







## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Justice

I have audited the accompanying annual financial statements of the Australian Federal Police for the year ended 30 June 2016, which comprise:

- Statement by the Commissioner and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

### **Opinion**

In my opinion, the financial statements of the Australian Federal Police:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Australian Federal Police as at 30 June 2016 and its financial performance and cash flows for the year then ended.

### **Commissioner's Responsibility for the Financial Statements**

The Commissioner of the Australian Federal Police is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act and is also responsible for such internal control as the Commissioner determines is necessary to enable the preparation and fair presentation of financial statements that 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.

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19 National Circuit BARTON ACT  
Phone (02) 6203 7300 Fax (02) 6203 7777

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 entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, 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.

Australian National Audit Office



Clea Lewis

Executive Director

Delegate of the Auditor-General

Canberra

8 September 2016

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## Statement by the Commissioner and the Chief Financial Officer

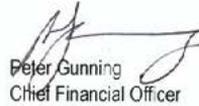
In our opinion, the attached financial statements for the year ended 30 June 2016 comply with subsection 42(2) of *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the AFP will be able to pay its debts as and when they fall due.



Andrew Colvin APM OAM  
Commissioner

8 September 2016



Peter Gunning  
Chief Financial Officer

8 September 2016

## Statement of comprehensive income

for the year ended 30 June 2016

	Notes	Actual 2016 \$'000	Actual 2015 \$'000	Original Budget <sup>1</sup> \$'000	Variance <sup>2</sup> \$'000
<b>NET COST OF SERVICES</b>					
<b>Expenses</b>					
Employee benefits	3A,12A(i)	900,233	869,949	862,072	38,161
Supplier	3B	423,762	435,940	414,716	9,046
Depreciation and amortisation	6D,E	93,533	98,722	102,291	(8,758)
Finance costs		486	540	532	(46)
Write-down and impairment of assets	3C	1,084	27,948	-	1,084
Grants		1,886	1,704	-	1,886
Other expenses		583	1,540	-	583
<b>Total expenses</b>		<b>1,421,567</b>	<b>1,436,343</b>	<b>1,379,611</b>	<b>41,956</b>
<b>Own-source income</b>					
Own-source revenue					
Sale of goods and rendering of services		266,325	266,883	262,624	3,701
Other revenue		4,453	2,279	588	3,865
<b>Total own-source revenue</b>		<b>270,778</b>	<b>269,162</b>	<b>263,212</b>	<b>7,566</b>
Gains					
Resources received free of charge		5,555	5,640	5,640	(85)
Other gains	12A(ii)	15,569	587	-	15,569
<b>Total gains</b>		<b>21,124</b>	<b>6,227</b>	<b>5,640</b>	<b>15,484</b>
<b>Total own-source income</b>		<b>291,902</b>	<b>275,389</b>	<b>268,852</b>	<b>23,050</b>
<b>Net cost of services</b>		<b>(1,129,665)</b>	<b>(1,160,954)</b>	<b>(1,110,759)</b>	<b>(18,906)</b>
Revenue from government		1,006,033	1,060,560	1,013,143	(7,110)
<b>Deficit attributable to the Australian Government</b>		<b>(123,632)</b>	<b>(100,394)</b>	<b>(97,616)</b>	<b>(26,016)</b>
<b>Other comprehensive income</b>					
Items not subject to subsequent reclassification to net cost of services					
Changes in asset revaluation surplus		-	137	-	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>137</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss attributable to the Australian Government</b>	10	<b>(123,632)</b>	<b>(100,257)</b>	<b>(97,616)</b>	<b>(26,016)</b>

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

<sup>1</sup> The original budget is from the 2015–16 Portfolio Budget Statement (PBS) (unaudited).

<sup>2</sup> The variance between the actual and original budgeted amount for 2015–16. Explanation of major variances are presented in Note 12A.

## Primary statements

## Statement of financial position

as at 30 June 2016		Actual	Actual	Original	
	Notes	2016	2015	Budget <sup>1</sup>	Variance <sup>2</sup>
		\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	5A	23,618	8,517	7,818	15,800
Trade and other receivables	5C, 12A(iii)	257,489	344,062	334,033	(76,544)
Accrued revenue		6,628	3,590	6,922	(294)
<b>Total financial assets</b>		<b>287,735</b>	<b>356,169</b>	<b>348,773</b>	<b>(61,038)</b>
<b>Non-financial assets</b>					
Land and buildings	6A, 12A(iv)	314,701	310,840	355,094	(40,393)
Property, plant and equipment	6B, 12A(v)	125,501	128,022	107,320	18,181
Intangibles	6C, 12A(vi)	36,511	40,319	53,868	(17,357)
Inventories		6,768	7,321	7,416	(648)
Prepayments		20,481	20,825	21,466	(985)
<b>Total non-financial assets</b>		<b>503,962</b>	<b>507,327</b>	<b>545,164</b>	<b>(41,202)</b>
<b>Total assets</b>		<b>791,697</b>	<b>863,496</b>	<b>893,937</b>	<b>(102,240)</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	7A, 12A(vii)	64,493	87,392	84,741	(20,248)
Other payables	7B, 12A(viii)	16,686	43,653	37,983	(21,297)
<b>Total payables</b>		<b>81,179</b>	<b>131,045</b>	<b>122,724</b>	<b>(41,545)</b>
<b>Provisions</b>					
Employee provisions	8	290,316	274,238	303,558	(13,242)
Restoration provisions		14,857	15,452	15,958	(1,101)
Staff relocations provisions		3,414	4,111	1,652	1,762
<b>Total provisions</b>		<b>308,587</b>	<b>293,801</b>	<b>321,168</b>	<b>(12,581)</b>
<b>Total liabilities</b>		<b>389,766</b>	<b>424,846</b>	<b>443,892</b>	<b>(54,126)</b>
<b>Net assets</b>		<b>401,931</b>	<b>438,650</b>	<b>450,045</b>	<b>(48,114)</b>
<b>EQUITY</b>					
Contributed equity		951,783	864,870	966,913	(15,130)
Reserves		92,926	92,926	92,789	137
Accumulated deficit		(642,778)	(519,146)	(609,657)	(33,121)
<b>Total equity</b>		<b>401,931</b>	<b>438,650</b>	<b>450,045</b>	<b>(48,114)</b>

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

<sup>1</sup> The original budget is from the 2015–16 Portfolio Budget Statement (PBS) (unaudited).

<sup>2</sup> The variance between the actual and original budgeted amount for 2015–16. Explanation of major variances are presented in Note 12A.

## Statement of changes in equity

for the year ended 30 June 2016

	Accumulated deficit	Revaluation reserves	Contributed equity/capital	Total equity
	2016	2016	2016	2016
	\$'000	\$'000	\$'000	\$'000
<b>Opening balance, 1 July 2015</b>	<b>(519,146)</b>	<b>92,926</b>	<b>864,870</b>	<b>438,650</b>
<b>Comprehensive income</b>				
Deficit for the period	(123,632)	-	-	(123,632)
<b>Total comprehensive income</b>	<b>(123,632)</b>	<b>-</b>	<b>-</b>	<b>(123,632)</b>
<b>Transactions with owners</b>				
Distributions to owners				
Returns of contributed equity <sup>1</sup>	-	-	(14,076)	(14,076)
Contributions by owners				
Equity adjustment <sup>2</sup>	-	-	15,411	15,411
Equity injection – appropriations	-	-	48,911	48,911
Departmental capital budget	-	-	36,667	36,667
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>86,913</b>	<b>86,913</b>
<b>Closing balance attributable to the Australian Government, 30 June 2016</b>	<b>(642,778)</b>	<b>92,926</b>	<b>951,783</b>	<b>401,931</b>

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

1. Returns of contributed equity in 2015–16: \$7.076m of Appropriation Act (No.1 DCB) 2015–16 and \$7.000m of Appropriation Act (No.2) 2015–16 has been permanently quarantined prior to 30 June 2016 under section 51 of the PGPA Act, constituting a permanent loss of control. These amounts do not form part of the appropriation receivable at Note 5C; as these amounts have not been formally reduced by law they are included in the balance in Note 11B.

2. In 2015 \$15.411m of Appropriation Act (No.2) 2014–15 was recorded as a return of contributed equity under s. 51 of the PGPA Act. Following advice from Department of Finance the amount has now been reinstated as an equity injection in 2015-16. This amount forms part of the appropriation receivable at Note 5; and is included in the balance in Note 11B.

for the year ended 30 June 2015

	Accumulated deficit	Revaluation reserves	Contributed equity/capital	Total equity
	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000
<b>Opening balance, 1 July 2014</b>	<b>(418,752)</b>	<b>92,789</b>	<b>770,050</b>	<b>444,087</b>
<b>Comprehensive income</b>				
Other comprehensive income	-	137	-	137
Deficit for the period	(100,394)	-	-	(100,394)
<b>Total comprehensive income</b>	<b>(100,394)</b>	<b>137</b>	<b>-</b>	<b>(100,257)</b>
<b>Transactions with owners</b>				
Distributions to owners				
Returns of contributed equity <sup>3</sup>	-	-	(23,817)	(23,817)
Contributions by owners				
Equity injection – appropriations	-	-	83,430	83,430
Departmental capital budget	-	-	35,207	35,207
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>94,820</b>	<b>94,820</b>
<b>Closing balance attributable to the Australian Government, 30 June 2015</b>	<b>(519,146)</b>	<b>92,926</b>	<b>864,870</b>	<b>438,650</b>

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

3. Returns of contributed equity in 2014–15:

· \$18.291m of Appropriation Act (No.2) 2014–15 has been permanently quarantined under section 51 of the PGPA Act, constituting a permanent loss of control. This amount does not form part of the appropriation receivable at Note 5C; however, as these amounts have not been formally reduced, by law, prior to 30 June 2015, they are included in the balance in Note 11B; and

· \$5.526m of Appropriation Act (No.2) 2010–11 was been formally reduced by law through Omnibus Repeal Day (Autumn 2014) Act 2014. This amount does not form part of the appropriation receivable at Note 5C; and is not included in the balance of the unspent annual appropriation in Note 11B.

## Primary statements

**Cash flow statement**

for the year ended 30 June 2016

	Notes	Actual 2016	Actual 2015	Original Budget <sup>1</sup>	Variance <sup>2</sup>
<b>Operating activities</b>					
Cash received					
Appropriations		1,379,686	1,318,859	1,261,467	118,219
Sales of goods and rendering of services		272,709	270,544	263,665	9,044
GST received		40,445	38,921	32,333	8,112
Other	12A(ii)	14,637	-	588	14,049
<b>Total cash received</b>		<b>1,707,477</b>	<b>1,628,324</b>	<b>1,558,053</b>	<b>149,424</b>
Cash used					
Employees	12A(i)	912,506	882,534	848,748	63,758
Suppliers		478,991	457,400	440,377	38,614
Receipts to Official Public Account (OPA)		294,931	280,525	264,253	30,678
Grant payments		1,886	1,704	-	1,886
<b>Total cash used</b>		<b>1,688,314</b>	<b>1,622,163</b>	<b>1,553,378</b>	<b>134,936</b>
<b>Net cash from operating activities</b>	5B	<b>19,163</b>	<b>6,161</b>	<b>4,675</b>	<b>14,488</b>
<b>Investing activities</b>					
Cash received					
Proceeds from sale of property, plant and equipment	12A(v)	244	271	-	244
<b>Total cash received</b>		<b>244</b>	<b>271</b>	<b>-</b>	<b>244</b>
Cash used					
Purchase of property, plant and equipment	12A(v)	40,171	42,247	27,279	12,892
Purchase of land and buildings	12A(iv)	49,194	64,736	68,740	(19,546)
Purchase of intangibles	12A(vi)	11,474	18,800	15,775	(4,301)
<b>Total cash used</b>		<b>100,839</b>	<b>125,783</b>	<b>111,794</b>	<b>(10,955)</b>
<b>Net cash (used by) investing activities</b>		<b>(100,595)</b>	<b>(125,512)</b>	<b>(111,794)</b>	<b>11,199</b>
<b>Financing activities</b>					
Cash received					
Contributed equity		50,880	87,367	70,452	(19,572)
Departmental capital budget funding	11A	45,653	32,683	36,667	8,986
<b>Total cash received</b>		<b>96,533</b>	<b>120,050</b>	<b>107,119</b>	<b>(10,586)</b>
<b>Net cash from financing activities</b>		<b>96,533</b>	<b>120,050</b>	<b>107,199</b>	<b>(10,586)</b>
Net increase in cash held		15,101	699	-	15,101
Cash and cash equivalents at the beginning of the period		8,517	7,818	7,818	699
<b>Cash and cash equivalents at the end of the period</b>	5A	<b>23,618</b>	<b>8,517</b>	<b>7,818</b>	<b>15,800</b>

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

1 The original budget is from the 2015–16 Portfolio Budget Statement (PBS) (unaudited).

2 The variance between the actual and original budgeted amount for 2015–16. Explanation of major variances are presented in Note 12A.

## Administered primary schedules

**Administered schedule of comprehensive income**

for the year ended 30 June 2016

		Actual 2016 \$'000	Actual 2015 \$'000	Original Budget <sup>1</sup> \$'000	Variance <sup>2</sup> \$'000
	Notes				
<b>NET COST OF SERVICES</b>					
<b>Expenses</b>					
Consultants and contractors		570	602		
General and office		2,470	1,300		
Grants		-	184		
Impairment of trade and other receivables		23	215		
Infrastructure for other jurisdictions		776	7,959		
Operational expenses		570	604		
Police equipment for other jurisdictions		7,011	5,898		
Training		1,709	1,089		
Travel		1,091	429		
<b>Total expenses</b>	12B(i)	<b>14,220</b>	<b>18,280</b>	<b>17,145</b>	<b>(2,925)</b>
<b>Income</b>					
<b>Non-taxation revenue</b>					
Court fees, fines and penalties		172	477		
Exhibits and seizures		1,176	1,273		
Other – income		16	22		
<b>Total non-taxation revenue</b>	12B(ii)	<b>1,364</b>	<b>1,772</b>	<b>40,524</b>	<b>(39,160)</b>
<b>Net cost of services</b>		<b>12,856</b>	<b>16,508</b>	<b>(23,379)</b>	<b>36,235</b>
<b>Total comprehensive deficit</b>		<b>(12,856)</b>	<b>(16,508)</b>	<b>23,379</b>	<b>(36,235)</b>

The above schedule should be read in conjunction with the accompanying notes. All assets and liabilities are related to Outcome 1.

<sup>1</sup> The original budget is from the 2015–16 Portfolio Budget Statement (PBS) (unaudited).

<sup>2</sup> The variance between the actual and original budgeted amount for 2015–16. Explanation of major variances are presented in Note 12B.

## Administered primary schedules

**Administered schedule of assets and liabilities**

as at 30 June 2016

	Notes	Actual 2016 \$'000	Actual 2015 \$'000	Original Budget <sup>1</sup> \$'000	Variance <sup>2</sup> \$'000
<b>Assets</b>					
Cash and cash equivalents		4	1,816		
Receivables:					
Receivable - GST from Australian Taxation Office		26	34		
Receivable - Court fees, fines and penalties		1,447	1,438		
Less: impairment allowance (court fees, fines and penalties)		(1,348)	(1,325)		
<b>Total assets administered on behalf of government</b>		<b>129</b>	<b>1,963</b>	<b>208</b>	<b>(79)</b>
<b>Liabilities</b>					
Suppliers <sup>3</sup>		1,255	3,713		
<b>Total liabilities administered on behalf of government</b>		<b>1,255</b>	<b>3,713</b>	<b>1,610</b>	<b>(355)</b>
<b>Net (liabilities)</b>		<b>(1,126)</b>	<b>(1,750)</b>	<b>(1,402)</b>	<b>276</b>

The above schedule should be read in conjunction with the accompanying notes. All assets and liabilities are related to Outcome 1.

<sup>1</sup> The original budget is from the 2015–16 Portfolio Budget Statement (PBS) (unaudited).

<sup>2</sup> The variance between the actual and original budgeted amount for 2015–16. Explanation of major variances are presented in Note 12B.

<sup>3</sup> Settlement is usually made within 7 days.

**Administered reconciliation schedule**

for the year ended 30 June 2016	Actual 2016 \$'000	Actual 2015 \$'000
Opening net liabilities as at 1 July	(1,750)	(1,402)
Net cost of services		
Income	1,364	1,772
Expenses	(14,220)	(18,280)
<b>Total net cost of services</b>	<b>(12,856)</b>	<b>(16,508)</b>
Transfers (to)/from Australian Government Appropriation transfers through Official Public Account (OPA):		
Annual appropriations	15,831	18,018
Transfers to OPA	(2,351)	(1,858)
<b>Total transfers (to)/from Australian Government</b>	<b>13,480</b>	<b>16,160</b>
<b>Closing net liabilities as at 30 June</b>	<b>(1,126)</b>	<b>(1,750)</b>

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

## Administered cash flow statement

for the year ended 30 June 2016

	Actual 2016 \$'000	Actual 2015 \$'000	Original Budget <sup>1</sup> \$'000	Variance <sup>2</sup> \$'000
<b>Operating activities</b>				
Cash received				
Court fees, fines and penalties	163	258		
Exhibits and seizures	1,176	1,273		
Other – income	16	22		
Net GST received	202	132		
<b>Total cash received</b>	<b>1,557</b>	<b>1,685</b>	<b>41,021</b>	<b>(39,464)</b>
<b>Cash used</b>				
Suppliers	16,654	15,951		
GST paid	194	119		
<b>Total cash used</b>	<b>16,848</b>	<b>16,070</b>	<b>17,642</b>	<b>794</b>
<b>Net cash flows (used by) operating activities</b>	<b>(15,291)</b>	<b>(14,385)</b>	<b>23,379</b>	<b>38,670</b>
Net (decrease) in cash held by the Commonwealth	(15,291)	(14,385)		
Cash at the beginning of the reporting period	1,816	41		
Cash from Official Public Account				
Appropriations	15,831	18,018		
Cash to Official Public Account				
Cash received	(1,356)	(1,560)		
Appropriations	(761)	(166)		
GST	(235)	(132)		
<b>Cash at the end of the reporting period</b>	<b>4</b>	<b>1,816</b>		

The above schedule should be read in conjunction with accompanying notes. All assets and liabilities are related to Outcome 1.

<sup>1</sup> The original budget is from the 2015–16 Portfolio Budget Statement (PBS) (unaudited). The budget statement information has been reclassified and presented on a consistent basis with the corresponding financial statement.

<sup>2</sup> The variance between the actual and original budgeted amount for 2015–16. Explanation of major variances are presented in Note 12B.

## Note 1: Overview

### 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 two programs relate to Outcome 1:

- Program 1.1 Federal Policing and National Security
- Program 1.2 International Police Assistance

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 1.1 Federal Policing and National Security
- Program 1.2 International Police Assistance

### 1.2 Basis of preparation of the financial statements

The financial statements are general-purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- *Public Governance Performance and Accountability (Financial Reporting) Rule 2015*; 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 Financial Reporting Rule, assets and liabilities are recognised in the Statement of financial position when and only when it is probable that future economic benefits will flow to the AFP 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.

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.

### 1.3 Significant accounting judgements and estimates

The AFP has made estimates and judgements with respect to the calculation of employee provisions and the methods used to assess the fair value of assets. These estimates and judgements are outlined at the relevant note.

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.

## Note 1: Overview (cont.)

### 1.4 New Australian Accounting Standards

#### Adoption of new Australian Accounting Standards requirements

- AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities* applies from 1 July 2016; however, it has been adopted earlier than the application date at 30 June 2015. The standard exempts not-for-profit entities from the disclosure of quantitative information about the significant unobservable inputs used in fair value measurements and the sensitivity of certain fair value measurements to changes in unobservable inputs. This standard has resulted in no longer disclosing fair value measurement in the form of a specific note disclosure.

#### Future Australian Accounting Standards requirements

- AASB 124 *Related Parties* applies from 1 July 2016. This standard is not expected to have any material impact upon the AFP statements, but will involve a new disclosure. Processes are being implemented to capture related party transactions and to obtain positive confirmation from all related parties that related party transactions have been declared should they exist.
- AASB 9 *Financial Instruments* applies from 1 January 2017. This standard is not expected to have a material impact upon the AFP statements; however, it may result in changes to the AFP's methodology with respect to assessment of credit risk, associated provisions and losses.
- AASB 15 *Revenue from Contracts with Customers* applies from 1 January 2017. This standard is not expected to have any material impact upon the AFP statements; however, it may result in changes to revenue recognition with respect to AFP own-source income.

### 1.5 Transactions with the Government as Owner

#### Revenue from government

Amounts appropriated for departmental appropriations 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.

#### Equity injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions under s51 PGPA Act) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

### 1.6 Taxation

The AFP is exempt from all forms of taxation except fringe benefits tax (FBT) and the goods and services tax (GST).

Revenues, expenses, assets and liabilities 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.

### 1.7 Financial instruments

The AFP's financial instruments are measured on a fair value basis. Interest-earning financial assets and liabilities are measured using the effective interest rate method. The carrying amount of all financial instruments in the Statement of financial position approximates fair value. Financial instruments held by the AFP carry minimal credit, liquidity and market risk.

### 1.8 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. Administered items are presented on blue background.

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. 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 flow statement and in the Administered reconciliation schedule.

## Note 1: Overview (cont.)

### 1.8 Reporting of administered activities (cont.)

#### Administered 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. Revenue from exhibits and seizures is recognised when received when it becomes payable as determined by the courts as advised by the AFP case manager.

#### Administered 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 the Administered schedule of comprehensive income.

#### Administered impairment allowance

The AFP recognises impairment related to the probability of recovering fees and fines by reference to an actuarial assessment prepared for the AFP as at 30 June 2016.

### 1.9 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the Statement of financial position 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.

The AFP has contingent liabilities in respect of legal claims. The amounts are immaterial or unquantifiable at 30 June.

The AFP had no administered contingent liabilities or contingent assets at 30 June.

#### Unquantifiable contingencies

The AFP has unquantifiable contingencies in relation to a contract that existed at 30 June 2016. Negotiations are in progress and more detailed information has not been disclosed for this reason.

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 cost orders may be made against the AFP if a proceeds of crime action is unsuccessful. Costs 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.

## Note 2: Events after the reporting period

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

**Note 3: Expenses****Note 3A: Employee benefits expense**

	2016	2015
	\$'000	\$'000
Wages and salaries	617,963	621,609
Superannuation <sup>1</sup> :		
Defined contribution plans	48,020	43,784
Defined benefit plans	66,825	66,189
Leave and other entitlements	142,703	121,583
Separation and redundancies	10,557	4,450
Other employee expenses	14,165	12,334
<b>Total employee benefits expense</b>	<b>900,233</b>	<b>869,949</b>

1. The AFP's employees 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 plans for the Australian Government. All other superannuation funds are accumulation plans.

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's administered schedules and notes. The AFP makes employer contributions to the employees' 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.

**Note 3B: Supplier expenses**

	2016	2015
	\$'000	\$'000
Supplier expenses – goods and services		
Communications and IT	39,445	39,951
Consultant and contractor services	43,046	36,298
General and office	23,537	24,700
Travel	29,296	41,688
Staff and recruitment	46,577	47,043
Vehicle expenses	4,977	6,213
Postage and freight	2,666	3,357
Operational	56,225	62,629
Training	10,233	12,842
Building and accommodation	34,371	31,419
<b>Total supplier expenses – goods and services</b>	<b>290,373</b>	<b>306,140</b>
Breakdown of supplier expenses		
Goods supplied	32,820	41,599
Services rendered	257,553	264,541
<b>Total goods and services supplied or rendered</b>	<b>290,373</b>	<b>306,140</b>

Notes to and forming part of the financial statements

**Note 3: Expenses (cont.)**

<b>Note 3B: Supplier expenses (cont.)</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Supplier expenses – other		
Operating lease rentals in connection with external parties:		
Minimum lease payments	<b>102,513</b>	99,275
Contingent rent expenses	<b>246</b>	594
Workers compensation expenses	<b>30,024</b>	29,854
Other supplier expenses	<b>606</b>	77
<b>Total supplier expenses - other</b>	<b>133,389</b>	129,800
<b>Total supplier expenses</b>	<b>423,762</b>	435,940

Recognition and measurement of operating lease payments: payments are expensed on the basis which is representative of the pattern of benefits derived from the leased assets. Lease incentives are recognised as other payables and amortised over the period of the lease on a straight line basis. Future minimum lease payments for operating leases are disclosed at note 7A.

**Note 3C: Write-down and impairment of assets**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Impairment from trade and other receivables	<b>46</b>	15,053
Impairment of buildings	-	1,134
Impairment of property, plant and equipment	<b>924</b>	1,260
Impairment of intangibles	<b>114</b>	10,501
<b>Total write-down and impairment of assets</b>	<b>1,084</b>	27,948

**Note 4: Regulatory charging summary**

The AFP undertakes national police checks that are cost-recovered, as outlined in Schedule 2 of the Australian Federal Police Regulations 1979. Expense and income associated with this activity is outlined below.

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Expense – departmental	<b>19,279</b>	18,457
Revenue – departmental	<b>23,419</b>	22,755

**Note 5: Financial assets****Note 5A: Cash and cash equivalents**

	2016	2015
	\$'000	\$'000
Cash in special accounts	2,426	2,551
Cash on hand	100	128
Cash at bank	21,092	5,838
<b>Total cash and cash equivalents</b>	<b>23,618</b>	<b>8,517</b>

**Note 5B: Cash flow reconciliation**

	2016	2015
	\$'000	\$'000
Reconciliation of cash and cash equivalents per Statement of financial position to Cash flow statement	\$'000	\$'000
Cash and cash equivalents as per:		
Cash flow statement	23,618	8,517
Statement of financial position	23,618	8,517
<b>Discrepancy</b>	<b>-</b>	<b>-</b>

**Reconciliation of net cost of services to net cash from operating activities**

Net cost of services	(1,129,665)	(1,160,954)
Revenue from government	1,006,033	1,060,560
<b>Adjustment for non-cash items</b>		
Depreciation/amortisation	93,533	98,722
Net write-down of non-financial assets	1,038	12,895
Gain on disposal of assets	(244)	(203)
Asset recognition	(567)	(216)
Movement in capital accruals recognised in payables	9,300	(1,282)
Movement in restoration provision revaluation recognised in equity	-	137
Movement in restoration provision recognised in income statement	(595)	(1,123)
<b>Movements in assets/liabilities</b>		
<b>Assets</b>		
(Increase)/decrease in net receivables	76,958	(10,624)
(Increase)/decrease in inventories	551	95
(Increase)/decrease in prepayments	344	(591)
(Increase)/decrease in accrued revenue	(3,038)	4,131
<b>Liabilities</b>		
(Decrease)/increase in employee provisions	16,078	(10,153)
(Decrease)/increase in supplier payables	(22,899)	14,582
(Decrease)/increase in other payables	(26,967)	(3,587)
(Decrease)/increase in other provisions	(697)	3,772
<b>Net cash from operating activities</b>	<b>19,163</b>	<b>6,161</b>

Notes to and forming part of the financial statements

## Note 5: Financial assets (cont.)

### Note 5C: Trade and other receivables

Recognition and measurement of receivables for goods and services receivables: are initially recognised at the nominal amounts due, less any impairment allowance. Collectability of debts is reviewed at the end of the reporting period. Allowances for impairment are made when collectability of the debt is no longer probable. All trade receivables are expected to be recovered in no more than 12 months. Credit terms for goods and services were 30 days (2015: 30 days).

	2016	2015
	\$'000	\$'000
Goods and services receivable	7,817	23,403
<b>Total goods and services receivables</b>	<b>7,817</b>	<b>23,403</b>
Appropriation receivable		
- for ordinary services	176,096	255,818
- for departmental capital budget	-	45,818
- for equity projects	52,260	16,062
- for Special Accounts	5,500	4,500
<b>Total appropriations receivables</b>	<b>233,856</b>	<b>322,198</b>
Other receivables		
- GST receivable from the Australian Taxation Office	3,793	5,229
- Comcare	12,286	7,114
- other	294	1,265
<b>Total other receivables</b>	<b>16,373</b>	<b>13,608</b>
<b>Total trade and other receivables (gross)</b>	<b>258,046</b>	<b>359,209</b>
Less impairment allowance for goods and services	(557)	(15,147)
<b>Total trade and other receivables (net)</b>	<b>257,489</b>	<b>344,062</b>
Ageing of trade and other receivables (gross):		
Not overdue	255,164	357,947
Overdue by:		
0 to 30 days	885	261
31 to 60 days	259	128
61 to 90 days	203	88
More than 90 days	1,535	785
<b>Total receivables (gross)</b>	<b>258,046</b>	<b>359,209</b>
Reconciliation of the impairment allowance account	2016	2015
	\$'000	\$'000
<b>Opening balance, 1 July</b>	<b>15,147</b>	<b>491</b>
Amounts written off	(46)	(398)
Amounts recovered and reversed	(14,544)	1
Increase recognised in net cost of services	-	15,053
<b>Closing balance, 30 June</b>	<b>557</b>	<b>15,147</b>

## Note 6: Property, plant, equipment and intangibles

Recognition and measurement 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.

Recognition thresholds are:

- Purchases of property, plant and equipment are recognised initially at cost except for purchases costing less than \$2,000;
- Land and buildings are recognised initially at cost except for purchases costing less than \$5,000;
- Purchased intangible assets are recognised initially at cost for purchases costing more than \$10,000 and internally developed software is recognised at cost for purchases costing more than \$25,000.

All asset purchases below these thresholds are expensed in the year of acquisition. Where assets cost less than the threshold and form part of a group of similar items which are significant in total, they are recognised as assets.

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

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.

**Key judgement: the valuation basis for each class of assets is as follows:**

- land – fair value based on market value of similar properties
- buildings and leasehold improvements – depreciated replacement cost due to no active market for custom-built assets
- other property, plant and equipment – measured at market selling price for assets unless a market does not exist. In these circumstances depreciated replacement cost is applied. Valuation is determined by an independent valuer.

Fair values for each class of asset are determined via a formal revaluation that is undertaken once every three years. The AFP tests the valuation model as an internal management review at least once every 12 months to ensure there are no material differences. The last formal revaluation occurred at 30 June 2014.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation surplus 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.

### Impairment and derecognition

All assets were assessed for impairment at 30 June 2016. 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. Where assets were no longer used by the AFP, these have been written down during the financial year. These are described in Note 6D/E as write-down and impairment recognised in the net cost of services.

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

### Depreciation and amortisation expense

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to AFP using the straight-line method of depreciation. Depreciation and amortisation rates have been applied to each class of asset based on the following useful lives:

Buildings on freehold land	6 to 30 years
Buildings on leasehold land	6 to 30 years
Leasehold improvements	15 years or Lease term
Other property, plant and equipment	3 to 10 years
Software assets	1 to 15 years

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.

Notes to and forming part of the financial statements

**Note 6: Property, plant, equipment and intangibles (cont.)**

<b>Note 6A: Land and buildings</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Land		
Land at fair value	<b>2,000</b>	2,000
<b>Total land</b>	<b>2,000</b>	2,000
Buildings on freehold land		
Buildings on freehold land at fair value	<b>20,130</b>	20,117
Accumulated depreciation	<b>(2,107)</b>	(1,134)
<b>Total buildings on freehold land</b>	<b>18,023</b>	18,983
Buildings on leasehold land		
Work in progress	<b>3,253</b>	72,991
Fair value	<b>112,651</b>	30,326
Accumulated depreciation	<b>(7,058)</b>	(3,935)
<b>Total buildings on leasehold land</b>	<b>108,846</b>	99,382
Leasehold improvements		
Work in progress	<b>4,558</b>	5,966
Fair value	<b>243,263</b>	219,920
Accumulated depreciation	<b>(61,989)</b>	(35,411)
<b>Total leasehold improvements</b>	<b>185,832</b>	190,475
<b>Total land and buildings</b>	<b>314,701</b>	310,840

No indicators of impairment were found for land and buildings as at 30 June 2016.

No land and buildings are held for sale as at 30 June 2016.

<b>Note 6B: Property, plant and equipment</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Other property, plant and equipment:		
Work in progress	<b>16,642</b>	16,699
Fair value	<b>212,101</b>	171,752
Accumulated depreciation	<b>(103,242)</b>	(60,429)
<b>Total property, plant and equipment</b>	<b>125,501</b>	128,022

No indicators of impairment were found for property, plant and equipment as at 30 June 2016.

No property, plant and equipment are held for sale as at 30 June 2016.

<b>Note 6C: Intangibles</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Computer software		
Internally developed – in progress	<b>13,126</b>	11,323
Internally developed – in use	<b>69,291</b>	75,254
Purchased	<b>31,741</b>	48,702
Accumulated amortisation	<b>(77,647)</b>	(94,960)
<b>Total computer software</b>	<b>36,511</b>	40,319
<b>Total intangibles</b>	<b>36,511</b>	40,319

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

All software assets were assessed for indications of impairment as at 30 June 2016. There were no indicators of impairment (2015: indicators were present at 30 June 2015, as a result the asset was impaired by \$10.182m).

No intangibles are held for sale as at 30 June 2016.

**Note 6: Property, plant, equipment and intangibles (cont.)****Note 6D: Reconciliation of the opening and closing balances of property, plant and equipment, 2016**

	Land	Buildings on freehold land	Buildings on leased land	Leasehold improvements	Total land and buildings	Other property, plant and equipment	Total PPE
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2015							
Gross book value	2,000	20,117	103,317	225,886	351,320	188,451	539,771
Accumulated depreciation and impairment	-	(1,134)	(3,935)	(35,411)	(40,480)	(60,429)	(100,909)
<b>Net book value, 1 July 2015</b>	<b>2,000</b>	<b>18,983</b>	<b>99,382</b>	<b>190,475</b>	<b>310,840</b>	<b>128,022</b>	<b>438,862</b>
Additions:							
Purchased or internally developed	-	13	23,267	23,684	46,964	35,848	82,812
Assets not previously recognised	-	-	-	-	-	567	567
Write-down and impairment recognised in net cost of services	-	-	(93)	-	(93)	(831)	(924)
Depreciation/amortisation	-	(973)	(3,362)	(28,053)	(32,388)	(48,641)	(81,029)
Reclassifications	-	-	(10,348)	(274)	(10,622)	10,554	(68)
Disposals:							
Sales	-	-	-	-	-	(18)	(18)
<b>Net book value, 30 June 2016</b>	<b>2,000</b>	<b>18,023</b>	<b>108,846</b>	<b>185,832</b>	<b>314,701</b>	<b>125,501</b>	<b>440,202</b>
Net book value as of 30 June 2016 represented by:							
Gross book value	2,000	20,131	115,904	247,821	385,856	228,743	614,599
Accumulated depreciation and impairment	-	(2,108)	(7,058)	(61,989)	(71,155)	(103,242)	(174,397)
<b>Net book value, 30 June 2016</b>	<b>2,000</b>	<b>18,023</b>	<b>108,846</b>	<b>185,832</b>	<b>314,701</b>	<b>125,501</b>	<b>440,202</b>

**Note 6D: Reconciliation of the opening and closing balances of property, plant and equipment, 2015**

	Land	Buildings on freehold land	Buildings on leased land	Leasehold improvements	Total land and buildings	Other property, plant and equipment	Total PPE
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2014							
Gross book value	2,000	19,868	54,173	212,258	288,299	149,819	438,118
Accumulated depreciation and impairment	-	(162)	(741)	(7,171)	(8,074)	(8,224)	(16,298)
<b>Net book value, 1 July 2014</b>	<b>2,000</b>	<b>19,706</b>	<b>53,432</b>	<b>205,087</b>	<b>280,225</b>	<b>141,595</b>	<b>421,820</b>
Additions:							
Purchased or internally developed	-	-	51,208	13,577	64,785	42,981	107,766
Assets not previously recognised	-	-	-	-	-	216	216
Write-down and impairment recognised in net cost of services	-	-	(1,134)	-	(1,134)	(1,260)	(2,394)
Depreciation/amortisation	-	(972)	(3,872)	(28,444)	(33,288)	(53,691)	(86,979)
Reclassifications	-	249	(252)	255	252	(1,751)	(1,499)
Disposals:							
Sales	-	-	-	-	-	(68)	(68)
<b>Net book value, 30 June 2015</b>	<b>2,000</b>	<b>18,983</b>	<b>99,382</b>	<b>190,475</b>	<b>310,840</b>	<b>128,022</b>	<b>438,862</b>
Net book value as of 30 June 2015 represented by:							
Gross book value	2,000	20,117	103,317	225,886	351,320	188,451	539,771
Accumulated depreciation and impairment	-	(1,134)	(3,935)	(35,411)	(40,480)	(60,429)	(100,909)
<b>Net book value, 30 June 2015</b>	<b>2,000</b>	<b>18,983</b>	<b>99,382</b>	<b>190,475</b>	<b>310,840</b>	<b>128,022</b>	<b>438,862</b>

Notes to and forming part of the financial statements

**Note 6 - Property, plant, equipment and intangibles (cont.)****Note 6E: Intangibles reconciliation of opening and closing balance, 30 June 2016**

	Computer software internally developed \$'000	Computer software purchased \$'000	Total intangibles \$'000
Gross book value	86,577	48,702	135,279
Accumulated amortisation and impairment	(62,301)	(32,659)	(94,960)
<b>Opening net book value, 1 July 2015</b>	<b>24,276</b>	<b>16,043</b>	<b>40,319</b>
Additions:			
Purchased or internally developed	7,499	1,243	8,742
Write-down and impairment recognised in net cost of services	(17)	(97)	(114)
Depreciation/amortisation	(6,050)	(6,454)	(12,504)
Reclassifications	(908)	976	68
<b>Closing net book value, 30 June 2016</b>	<b>24,800</b>	<b>11,711</b>	<b>36,511</b>
Net book value as of 30 June 2016 represented by:			
Gross book value	82,417	31,741	114,158
Accumulated amortisation and impairment	(57,617)	(20,030)	(77,647)
<b>Closing net book value, 30 June 2016</b>	<b>24,800</b>	<b>11,711</b>	<b>36,511</b>

**Note 6E: Intangibles reconciliation of opening and closing balance, 30 June 2015**

	Computer software internally developed \$'000	Computer software purchased \$'000	Total intangibles \$'000
As at 1 July 2014			
Gross book value	100,760	41,936	142,696
Accumulated amortisation and impairment	(58,357)	(29,221)	(87,578)
<b>Net book value, 1 July 2014</b>	<b>42,403</b>	<b>12,715</b>	<b>55,118</b>
Additions:			
Purchased or internally developed	14,731	5,706	20,437
Write-down and impairment recognised in net cost of services	(10,500)	(1)	(10,501)
Depreciation/amortisation	(6,570)	(5,173)	(11,743)
Reclassifications	(1,312)	2,796	1,484
Disposals:			
Other	(14,476)	-	(14,476)
<b>Net book value, 30 June 2015</b>	<b>24,276</b>	<b>16,043</b>	<b>40,319</b>
Net book value as of 30 June 2015 represented by:			
Gross book value	86,577	48,702	135,279
Accumulated amortisation and impairment	(62,301)	(32,659)	(94,960)
<b>Net book value, 30 June 2015</b>	<b>24,276</b>	<b>16,043</b>	<b>40,319</b>

## Note 7: Payables

### Note 7A: Supplier payables

Recognition and measurement of supplier and other payables: payables are carried at the amount owing to parties for goods and services provided, which is usually the invoice amount. Settlement is usually made within 7 days (2015: 7 days).

	2016	2015
	\$'000	\$'000
Trade creditors and accruals	43,786	67,981
Operating lease rentals	20,707	19,411
<b>Total supplier payable</b>	<b>64,493</b>	<b>87,392</b>
<b>Breakdown of suppliers payable</b>		
- amount of supplier payable expected to be settled in no more than 12 months	55,460	70,042
- amount of supplier payable expected to be settled in more than 12 months	9,033	17,350
<b>Total suppliers payable</b>	<b>64,493</b>	<b>87,392</b>

#### Operating lease commitments

The AFP leases a number of properties and motor vehicles under operating leases. The majority of leases are in their initial term, with an option to renew after that date. Property lease payments increase annually in accordance with the relevant lease agreement, which is either fixed rate or CPI.

	2016	2015
	\$'000	\$'000
As at 30 June, the future minimum lease payments under non-cancellable leases were as follows:		
Less than one year	90,131	96,930
Between one and five years	270,795	233,495
More than five years	260,734	344,126
<b>Total operating lease commitments</b>	<b>621,660</b>	<b>674,551</b>

#### Capital commitments

The AFP has entered into contracts to purchase equipment, intangibles, leasehold fit-outs and buildings that are currently under construction. Some contracts contain a termination clause as part of the contract. Value of these contracts 2016: \$3.196m (2015: \$26.658m). At 30 June, the AFP intends to fully exercise these contracts.

	2016	2015
	\$'000	\$'000
As at 30 June, the future minimum payments under non-cancellable contracts were as follows:		
Less than one year	4,370	33,720
Between one and five years	34	16
<b>Total capital commitments</b>	<b>4,404</b>	<b>33,736</b>

### Note 7B: Other payables

	2016	2015
	\$'000	\$'000
Wages and salaries	6,672	30,465
Superannuation	412	3,903
Separations and redundancies	1,531	2,599
Unearned income	8,060	6,621
Other payables	11	65
<b>Total other payables</b>	<b>16,686</b>	<b>43,653</b>

#### Breakdown of other payables

- amount of other payables expected to be settled in no more than 12 months	16,056	43,188
- amount of supplier payable expected to be settled in more than 12 months	630	465
<b>Total other payables</b>	<b>16,686</b>	<b>43,653</b>

Notes to and forming part of the financial statements

## Note 8: Employee provisions

Recognition and measurement of employee benefits: employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if there is a present legal obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The leave liabilities are annual and long service leave. The 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.

Employee provisions 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.

Employee provisions which are expected to be settled beyond 12 months (commonly long service leave), are discounted to present value using market yields on the 10-year government bond rate.

### Key estimate:

Employee provisions which are expected to be settled beyond 12 months required management judgement and independent actuarial assessment of key assumptions, including, but not limited to:

- future salaries and wages increases;
- future on-cost rates; and
- period of service and attrition. Refer also to note 1.3.

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Leave	<b>289,613</b>	273,873
Redundancy	<b>632</b>	238
Other	<b>71</b>	127
<b>Total employee provisions</b>	<b>290,316</b>	274,238
Breakdown of employee provisions		
- amount of employee provisions expected to be settled in no more than 12 months	<b>77,636</b>	74,388
- amount of employee provisions expected to be settled in more than 12 months	<b>212,680</b>	199,850
<b>Total employee provisions</b>	<b>290,316</b>	274,238

## Note 9: Senior management personnel remuneration

Senior management are the AFP Commissioner and Senior Executive Service (SES) officers who were employed in these positions during the financial year. The total number of individuals included in the table below is 82 (2015: 85).

	<b>2016</b>	2015
	<b>\$</b>	\$
Short-term employee benefits		
Salary	<b>15,570,965</b>	15,022,377
Performance bonus	<b>-</b>	1,245,860
Employee benefits <sup>1</sup>	<b>340,614</b>	757,891
Relocation and deployment benefits <sup>2</sup>	<b>1,870,433</b>	1,489,606
Other allowances <sup>3</sup>	<b>140,832</b>	176,371
<b>Total short-term employee benefits</b>	<b>17,922,844</b>	18,692,105
Post-employment benefits		
Superannuation	<b>2,873,420</b>	2,925,458
<b>Total post-employment benefits</b>	<b>2,873,420</b>	2,925,458
Other long-term benefits		
Annual leave accrued	<b>1,958,748</b>	1,860,142
Long-service leave	<b>1,469,810</b>	1,832,943
<b>Total other long-term benefits</b>	<b>3,428,558</b>	3,693,085
Termination benefits		
Termination benefits	<b>2,131,492</b>	328,298
<b>Total termination benefits</b>	<b>2,131,492</b>	328,298
<b>Total senior management personnel remuneration expenses</b>	<b>26,356,314</b>	25,638,946

1. Employee benefits include vehicle costs, representation costs and SES financial advice allowance.

2. Relocation and deployment benefits include international and domestic accommodation, meal allowances, overseas allowances, transfer allowances, leave fares, spouse travel, international utilities, medical and insurance benefits associated with deployment.

3. Other allowances include parking and health and fitness allowances.

## Note 10: Net cash appropriation arrangements

From 2010–11, the government introduced net cash appropriation arrangements whereby revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are appropriated in the period when cash payment for capital expenditure is required.

	2016	2015
	\$'000	\$'000
Total comprehensive income (loss) less depreciation/amortisation expenses	(33,393)	(4,779)
Depreciation/amortisation expenses previously funded through revenue appropriation <sup>1</sup>	(90,239)	(95,478)
<b>Total comprehensive income (loss) - per the Statement of comprehensive income</b>	<b>(123,632)</b>	<b>(100,257)</b>

1. The depreciation/amortisation expense per the Statement of comprehensive income is \$93.533m (2015:\$98.722m). The amount presented above is reduced by \$3.294m (2015: \$3.244m), representing the depreciation/amortisation expense funded by the ACT Government for Outcome 2.

## Note 11: Appropriations

### Note 11A: Annual appropriations ('recoverable ex GST')

	2016	2015
	\$'000	\$'000
Departmental appropriation – ordinary annual services		
Annual appropriation – ordinary annual services <sup>1</sup>	1,013,143	1,060,670
Annual appropriation – departmental capital budget <sup>1</sup>	36,667	35,207
PGPA – Section 74 transfers	293,931	280,525
<b>Total appropriation</b>	<b>1,343,741</b>	<b>1,376,402</b>
Appropriation applied ordinary annual services (current and prior years)	(1,424,750)	(1,352,070)
Payments for non-financial assets (current and prior years)	(45,653)	(32,683)
<b>Total appropriation applied</b>	<b>(1,470,403)</b>	<b>(1,384,753)</b>
<b>Variance<sup>2</sup></b>	<b>(126,662)</b>	<b>(8,351)</b>

1. Departmental appropriations include appropriations which have been reduced (by permanent quarantine) by the following amounts due to decisions of government:

- \$7.780m – Appropriation Act (No.1) 2015–16
- \$7.076m – Appropriation Act (No.1 DCB) 2015–16
- \$1.590m – Appropriation Act (No.1) 2014–15

The permanent quarantine under section 51 of the PGPA Act constitutes a permanent loss of control. These amounts do not form part of the appropriation receivable balance at note 5C, however as the amounts have not been formally reduced (by law) they will remain in the unspent appropriation balance at 11B.

2. The variance in the 2015-16 financial year represents appropriation drawn from prior year years to fund payments made in the 2015-16, including liabilities at 30 June 2015.

	2016	2015
	\$'000	\$'000
Departmental other services – equity		
Annual appropriation – equity <sup>3</sup>	48,911	83,430
<b>Total Appropriation</b>	<b>48,911</b>	<b>83,430</b>
Appropriation applied (current and prior years)	(50,881)	(87,365)
<b>Variance<sup>4</sup></b>	<b>(1,970)</b>	<b>(3,935)</b>

3. Equity appropriations include appropriations which have been reduced (by permanently quarantine) by the following amounts

- \$7.000m – Appropriation Act (No.2) 2015–16
- \$2.880m – Appropriation Act (No.2) 2014–15

The permanent quarantine under section 51 of the PGPA Act constitutes a permanent loss of control. These amounts do not form part of the appropriation receivable balance at note 5C, however as the amounts have not been formally reduced by law they will remain in the unspent appropriation balance at 11B.

4. The variance in the 2015–16 and the 2014–15 financial year was primarily due to capital purchases funded by prior year equity appropriations.

Notes to and forming part of the financial statements

## Note 11: Appropriations (cont.)

### Note 11A: Annual appropriations ('recoverable ex GST') (cont.)

	2016	2015
	\$'000	\$'000
Administered ordinary annual services		
Annual appropriation <sup>8</sup>	17,145	18,275
<b>Total appropriation</b>	<b>17,145</b>	<b>18,275</b>
Appropriation applied (current and prior years)	(16,427)	(15,950)
<b>Variance<sup>9</sup></b>	<b>718</b>	<b>2,325</b>

8. Appropriation Act (No.1) 2015–16 includes \$2.631m, that was permanently quarantined under section 51 of the PGPA Act constituting a permanent loss of control, however these amounts have not been formally reduced by law.

9. The variance in 2015–16 represents appropriation drawn from prior years to pay administered liabilities at 30 June in 2015. The variance in 2014–15 financial year represents undrawn appropriation required for the payment of liabilities at year end.

### Note 11B: Unspent annual appropriations ('recoverable ex GST')

	2016	2015
	\$'000	\$'000
<b>Departmental</b>		
Appropriation Act (No. 1) 2013–14 <sup>1</sup>	1,345	1,345
Appropriation Act (No. 4) 2013–14	-	3,510
Appropriation Act (No. 1) – Capital Budget (DCB) – Non Operating – 2014–15	-	16,062
Appropriation Act (No. 1) 2014–15 <sup>1</sup>	1,590	215,004
Appropriation Act (No. 2) 2014–15 <sup>1</sup>	19,244	60,599
Appropriation Act (No. 3) 2014–15	-	41,703
Appropriation Act (No. 1) 2014–15 – Cash on hand / at bank	-	5,956
Appropriation Act (No. 1) – Capital Budget (DCB) – Non Operating – 2015–16 <sup>1</sup>	7,076	-
Appropriation Act (No. 1) 2015–16 <sup>1</sup>	182,506	-
Appropriation Act (No. 2) 2015–16 <sup>1</sup>	42,896	-
Appropriation Act (No. 1) 2015–16 – Cash on hand / at bank	21,182	-
<b>Total departmental</b>	<b>275,839</b>	<b>344,179</b>
<b>Administered</b>		
Appropriation Act (No. 1) 2014–15 <sup>1</sup>	202	1,380
Appropriation Act (No. 3) 2014–15	203	715
Appropriation Act (No. 1) 2014–15 – Cash on hand / at bank	-	1,816
Appropriation Act (No. 1) 2015–16 <sup>1</sup>	3,994	-
Appropriation Act (No. 1) 2015–16 – Cash on hand / at bank	4	-
<b>Total administered</b>	<b>4,403</b>	<b>3,911</b>

1. The following amounts are included in unspent annual appropriations, as the amounts have not been formally reduced (by law). They will be disclosed in this note until the appropriation lapses. They do not form part of the appropriation receivable balance at note 5C.

- \$1.345m – Appropriation Act (No.1) 2013–14
- \$1.590m – Appropriation Act (No.1) 2014–15
- \$2.880m – Appropriation Act (No.2) 2014–15
- \$7.780m – Appropriation Act (No.1) 2015–16
- \$7.076m – Appropriation Act (No.1 DCB) 2015–16
- \$7.000m – Appropriation Act (No.2) 2015–16
- \$0.202m – Administered Appropriation Act (No.1) 2014–15
- \$2.631m – Administered Appropriation Act (No.1) 2015–16

At 30 June 2016 the AFP recognised revenue and a receivable 'existing programs' at Note 5 of \$1.371m for a no win / no loss arrangement to cover additional FBT expense related to living away from home allowance. This met the formal recognition criteria under section 51 of the PGPA Act; however, as the appropriation had not been formally appropriated by law, it is not represented in Note 11B (2015: receivable of \$0.701m).

## Note 12: Budget reporting and major budget variances

The Statement of comprehensive income, the Statement of financial position and the Cash flow statement provide a comparison of the original budget as presented in the 2015–16 Portfolio Budget Statements (PBS) to the 2015–16 actual outcome. No comparison has been provided for the Statement of changes in equity as major changes between the PBS and the actual outcome are explained by movements in the Statement of comprehensive income and the Statement of financial position.

### Note 12A: Departmental major budget variances for 2016

- (i) Employee benefit expense (Schedule of comprehensive income) and (Cash flow statement)

Employee benefit expense for 2015–16 was \$900.233m, \$38.161m higher than the budget estimate of \$862.072m.

- The budget was based on a lower number of staff and the operational environment at the time. The heightened security threat environment and operational requirements during the year has resulted in additional activities and higher employee numbers; and

- The budget did not include the impact of a \$12.551m accounting adjustment due to an unanticipated decrease in the bond rate at 30 June 2016.

- (ii) Other gains (Schedule of comprehensive income) and (Cash flow statement)

Other gains for 2015–16 were \$15.569m, the budget estimate was nil. The gain is largely due to the recovery of impaired debts from previous financial years.

- (iii) Trade and other receivables (Statement of financial position)

Trade and other receivables for 2015–16 were \$257.489m, \$76.544m lower than the budget estimate of \$334.033m. The variance is due to drawing down of prior year appropriations in the current financial year for capital and funding the deficit.

- (iv) Land and buildings (Statement of financial position) and (Cash flow statement)

Land and buildings were \$314.701m, \$30.393m lower than the budget estimate of \$334.033m. The variance is due to delays in schedules of capital projects and classification of a large component of a capital project under property, plant and equipment, which was budgeted under land and buildings.

- (v) Property, plant and equipment (Statement of financial position) and (Cash flow statement)

Property, plant and equipment was \$125.501m, \$18.181m higher than the budget estimate of \$107.320m. The variance is due to classification of a large component of a capital project under property, plant and equipment, which was budgeted under land and buildings.

- (vi) Intangibles (Statement of financial position) and (Cash flow statement)

Intangibles were \$36.511m, \$17.357m lower than the budget estimate of \$53.868m. The budget did not include the impact of the disposal of elements of a major operating systems project at 30 June 2015.

- (vii) Supplier payables (Statement of financial position)

Supplier payables were \$64.493m at 30 June 2016, \$20.248m lower than the budget estimate of \$84.741m. The variance is due to reduced operational and capital accruals, and payables compared to prior financial year.

- (viii) Other payables (Statement of financial position)

Other payables were \$16.686m at 30 June 2016, \$21.297m lower than the budget estimate of \$37.983m. The budget was based on an incorrect assumption relating to the number of days of accrued salary at 30 June 2016.

### Note 12B: Administered major budget variances for 2016

- (i) Total expenses (Administered schedule of comprehensive income) (Administered cash flow statement)

Supplier expenses were \$14.220m, \$2.925m lower than the budget estimate of \$17.145m. The lower expenses largely relate to a government decision to return Overseas Development Assistance of \$2.631m during the year.

- (ii) Other income (Administered schedule of comprehensive income) (Administered cash flow statement)

Other income for 2015–16 was \$0.016m, \$40.508m lower than the budget estimate of \$40.524m. The lower revenue relates to the 'partial cost recovery of airport policing' budget measure announced in the 2012–13 budget for which legislation has not been enacted.

Notes to and forming part of the financial statements

## Note 13: Reporting of outcomes

### Note 13A: Net cost of outcome delivery

Outcomes 1 and 2 are described in Note 1.1. Net costs shown include intra-governmental costs that are eliminated in calculating the actual outcome.

	Outcome 1		Outcome 2		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Departmental</b>						
Expenses	<b>(1,260,234)</b>	(1,276,306)	<b>(161,333)</b>	(160,037)	<b>(1,421,567)</b>	(1,436,343)
Own-sourced income	<b>130,943</b>	115,287	<b>160,959</b>	160,102	<b>291,902</b>	275,389
<b>Administered</b>						
Expenses	<b>(14,220)</b>	(18,280)	-	-	<b>(14,220)</b>	(18,280)
Income	<b>1,364</b>	1,772	-	-	<b>1,364</b>	1,772
Net contribution/(cost) of outcome delivery	<b>(1,142,147)</b>	(1,177,527)	<b>(374)</b>	65	<b>(1,142,521)</b>	(1,177,462)

### Note 13B: Major classes of departmental expenses, income, assets and liabilities by outcome

Outcomes 1 and 2 are described in Note 1.1. Net costs shown include intra-governmental costs that were eliminated in calculating the actual outcome.

	Outcome 1		Outcome 2		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Expenses</b>						
Employee benefits	<b>794,284</b>	764,691	<b>105,949</b>	105,258	<b>900,233</b>	1,436,343
Supplier	<b>372,675</b>	385,644	<b>51,087</b>	50,296	<b>423,762</b>	435,940
Depreciation and amortisation	<b>90,239</b>	95,478	<b>3,294</b>	3,244	<b>93,533</b>	98,722
Grants	<b>1,344</b>	1,085	<b>542</b>	619	<b>1,886</b>	1,704
Other	<b>1,692</b>	29,408	<b>461</b>	620	<b>2,153</b>	30,028
<b>Total</b>	<b>1,260,234</b>	1,276,306	<b>161,333</b>	160,037	<b>1,421,567</b>	1,436,343
<b>Own-source income</b>						
Revenue from government	<b>1,006,033</b>	1,060,560	-	-	<b>1,006,033</b>	1,060,560
Sales of goods and services	<b>110,676</b>	112,091	<b>155,649</b>	154,792	<b>266,325</b>	266,883
Other	<b>20,267</b>	3,196	<b>5,310</b>	5,310	<b>25,577</b>	8,506
<b>Total</b>	<b>1,136,976</b>	1,175,847	<b>160,959</b>	160,102	<b>1,297,935</b>	1,335,949
<b>Assets</b>						
Cash and cash equivalents	<b>23,537</b>	8,503	<b>81</b>	14	<b>23,618</b>	8,517
Trade and other receivables	<b>233,621</b>	319,508	<b>23,868</b>	24,554	<b>257,489</b>	344,062
Other financial assets	<b>6,628</b>	3,529	-	61	<b>6,628</b>	3,590
Land and buildings	<b>311,394</b>	307,244	<b>3,307</b>	3,596	<b>314,701</b>	310,840
Property, plant and equipment	<b>118,148</b>	118,932	<b>7,353</b>	9,090	<b>125,501</b>	128,022
Intangibles	<b>33,656</b>	39,021	<b>2,855</b>	1,298	<b>36,511</b>	40,319
Inventories	<b>6,315</b>	6,702	<b>453</b>	619	<b>6,768</b>	7,321
Other non-financial assets	<b>20,481</b>	20,825	-	-	<b>20,481</b>	20,825
<b>Total</b>	<b>753,780</b>	824,264	<b>37,917</b>	39,232	<b>791,697</b>	863,496
<b>Liabilities</b>						
Suppliers	<b>63,523</b>	86,492	<b>970</b>	900	<b>64,493</b>	87,392
Other payables	<b>15,883</b>	39,843	<b>803</b>	3,810	<b>16,686</b>	43,653
Employee provisions	<b>257,671</b>	243,296	<b>32,645</b>	30,942	<b>290,316</b>	274,238
Other provisions	<b>17,475</b>	18,828	<b>796</b>	735	<b>18,271</b>	19,563
<b>Total</b>	<b>354,552</b>	388,459	<b>35,214</b>	36,387	<b>389,766</b>	424,846

**Note 14: Special accounts (recoverable ex GST)**

The AFP has one special account that contains the receipt of monies temporarily held in trust or otherwise for the benefit of a person other than the Commonwealth, for the payment of monies in connection with services performed on behalf of other governments and non-agency bodies and for expenditure related 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.

Services for Other Entities and Trust Moneys Account (SOETM) <sup>1</sup>	2016	2015
	\$'000	\$'000
<b>Balance brought forward from previous period</b>	<b>46,089</b>	<b>45,909</b>
Increases		
Appropriation credited to special account	1,512	1,522
Departmental receipts (AIPM <sup>2</sup> and APG <sup>3</sup> )	12,024	11,673
Other receipts	33,951	56,127
<b>Total increases</b>	<b>47,487</b>	<b>69,322</b>
Decreases		
Departmental payments (AIPM and APG)	(12,661)	(11,968)
Other payments	(40,081)	(57,174)
<b>Total decreases</b>	<b>(52,742)</b>	<b>(69,142)</b>
<b>Balance carried to next period and represented by:</b>	<b>40,834</b>	<b>46,089</b>
Cash – held by the agency	2,436	2,561
Cash – held by the agency on trust	32,898	39,028
Monies – held by the OPA	5,500	4,500
<b>Total balance carried to the next period</b>	<b>40,834</b>	<b>46,089</b>

1 Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 78.

Establishing Instrument: *Financial Management and Accountability (Establishment of Special Account for Australian Federal Police) Determination 2011/03*. Date established: 17 May 2011.

**2. Accounting for the Australian Institute of Police Management (AIPM)**

The purpose of the AIPM is to provide executive development and education services to Australasian police forces. The AIPM is hosted 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 and the AFP's policies apply in all aspects of the AIPM's functions. 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. As a special account, AIPM funds can only be used for the purpose specified.

**3. Accounting for the Asia–Pacific Group (APG) on Money Laundering**

The purpose of the APG on Money Laundering is to facilitate the adoption, implementation and enforcement of internationally accepted anti-money-laundering and anti-terrorist-financing standards. The APG is hosted by the AFP. It also reports on its performance to 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 functions. 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.

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## 7 Appendices

## Appendices

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## Appendix A CORPORATE INTEGRITY

**Table A1** Alleged conduct breaches<sup>1</sup> recorded, by category, 2012–13 to 2015–16

	2012–13	2013–14	2014–15	2015–16
<b>All AFP</b>				
Category 1	150	139	113	149
Category 2	520	425	450	444
Category 3	398	263	316	246
Category 4	31	46	55	69
<b>Total</b>	<b>1,099</b>	<b>873</b>	<b>934</b>	<b>908</b>
<b>Outcome 1</b>				
Category 1	50	63	42	49
Category 2	356	280	295	313
Category 3	244	175	236	191
Category 4	30	35	40	59
<b>Total Outcome 1</b>	<b>680</b>	<b>553</b>	<b>613</b>	<b>612</b>
<b>Outcome 2</b>				
Category 1	100	76	71	100
Category 2	164	145	155	131
Category 3	154	88	80	55
Category 4	1	11	15	10
<b>Total Outcome 2</b>	<b>419</b>	<b>320</b>	<b>321</b>	<b>296</b>

<sup>1</sup> Conduct breaches are individual issues identified within a complaint. Multiple breaches may be applied when two or more complaint issues are identified from information supplied by a complainant or when two or more members are subject to a complaint.

Note: Part V of the *Australian Federal Police Act 1979* defines the categories of conduct for AFP appointees. Category 1 is the least serious category and relates mainly to customer service breaches. Category 2 is minor misconduct and category 3 is serious misconduct. Category 4 complaints relate to corruption as defined by the *Law Enforcement Integrity Act 2006*. These matters are deemed to be either significant or non-significant corruption and are referred to the Australian Commission for Law Enforcement Integrity.

**Table A2** Alleged conduct breaches recorded, by source, 2015–16

Source	Number of alleged conduct breaches	Percentage
Anonymous member of the public	18	2%
Member of the public	323	36%
Another AFP member	526	58%
Self-reported	41	4%
<b>Total</b>	<b>908</b>	<b>100%</b>

**Table A3** Finalised conduct breaches, by category, 2015–16

	Established	Not established	Withdrawn	Discretion not to proceed <sup>1</sup>	Total finalised
<b>All AFP</b>					
Category 1	15	108	1	17	141
Category 2	130	250	10	117	507
Category 3	90	119	9	111	329
Category 4	3	10	0	12	25
<b>Total AFP</b>	<b>238</b>	<b>487</b>	<b>20</b>	<b>257</b>	<b>1,002</b>
<b>Percentage</b>	<b>24%</b>	<b>48%</b>	<b>2%</b>	<b>26%</b>	<b>100%</b>
<b>Outcome 1</b>					
Category 1	4	32	0	10	46
Category 2	107	165	7	92	371
Category 3	59	89	6	85	239
Category 4	2	10	0	9	21
<b>Total Outcome 1</b>	<b>172</b>	<b>296</b>	<b>13</b>	<b>196</b>	<b>677</b>
<b>Percentage</b>	<b>25%</b>	<b>44%</b>	<b>2%</b>	<b>29%</b>	<b>100%</b>
<b>Outcome 2</b>					
Category 1	11	76	1	7	95
Category 2	23	85	3	25	136
Category 3	31	30	3	26	90
Category 4	1	0	0	3	4
<b>Total Outcome 2</b>	<b>66</b>	<b>191</b>	<b>7</b>	<b>61</b>	<b>325</b>
<b>Percentage</b>	<b>20%</b>	<b>59%</b>	<b>2%</b>	<b>19%</b>	<b>100%</b>

<sup>1</sup>Section 40TF of the *Australian Federal Police Act 1979* sets out the circumstances under which the Commissioner may decide to take no further action in relation to a conduct issue. These circumstances include when appropriate action has already been taken or further investigation is determined to be not warranted or the alleged issue took place more than 12 months before reporting.

Note: This table includes only matters reported before 1 July 2016 and finalised during 2015–16.

**Table A4** Conduct breaches established, by type, 2015–16

Type	Number	Percentage
Inappropriate behaviour/conduct	45	19%
Inappropriate behaviour/conduct – serious	23	10%
Due care/diligence failure	17	7%
Fail to comply with procedure	15	6%
Misuse of authority	11	5%
Criminal misconduct	10	4%
Conflict of interest	9	4%
Information release	9	4%
CO3 <sup>1</sup> fail to secure ammunition/accoutrements	8	3%
Fail to record and report	8	3%
Failure of security practices role/duty	8	3%
Information access	6	3%
Property accounting failure	6	3%
Information misuse	5	2%
Neglect of duty	5	2%
Sexual harassment	5	2%
CO3 <sup>1</sup> non-serious nature	4	2%
Drug misconduct	4	2%
Fail to comply with direction	4	2%
Supervision failure	4	2%
Failure to act	3	1%
Inadequate service	3	1%
Inappropriate use of AFP resources	3	1%
Misuse of equipment	3	1%
False information/statement	3	1%
Bullying	2	0.8%
Harassment	2	0.8%
Performance failure	2	0.8%
Warrant administration	2	0.8%
CO3 <sup>1</sup> serious nature	1	0.4%
Discourtesy	1	0.4%
Driving misconduct	1	0.4%
Fail to declare association	1	0.4%
Misuse of credit card	1	0.4%
Practice or procedure issue	1	0.4%
Unreasonable delay	1	0.4%
Unauthorised discharge of taser	1	0.4%
Unauthorised discharge of firearm	1	0.4%
<b>Total established</b>	<b>238</b>	<b>100%</b>

<sup>1</sup> Commissioner's Order on Operational Safety (CO3).

**Table A5** Prohibited drug tests conducted, 2014–15 and 2015–16

Category	2014–15	2015–16
Mandatory applicant testing	613	172
Mandatory targeted testing	4,199	3,224
Mandatory investigation and certain incident testing <sup>1</sup>	12	13
<b>Total</b>	<b>4,824</b>	<b>3,409</b>

<sup>1</sup> The term *certain incident* relates to an incident where a person is killed or seriously injured in an incident involving a motor vehicle or while in police custody, or a person is killed or seriously injured by a firearm discharging or physical force.

**Table A6** Age of complaints being carried forward to 2016–17 (ongoing as at 30 June 2016)

	Year of origin						Total carried forward
	2010–11 or earlier	2011–12	2012–13	2013–14	2014–15	2015–16	
<b>All AFP</b>							
Category 1						25	25
Category 2	1				8	81	90
Category 3	2	5	5	22	41	103	178
Category 4	2	2	3	7	25	52	91
<b>Total AFP</b>	<b>5</b>	<b>7</b>	<b>8</b>	<b>29</b>	<b>74</b>	<b>261</b>	<b>384</b>

**Table A7** Run time for resolution of complaints finalised

	2014–15		2015–16	
	Average run time	Number finalised	Average run time	Number finalised
<b>All AFP</b>				
	(days)		(days)	
Category 1	42	99	88	141
Category 2	122	409	120	507
Category 3	280	266	301	329
Category 4	251	33	378	25
<b>Total AFP</b>		<b>807</b>		<b>1,002</b>

Note: Run time is defined from date recorded to finalisation.

## Appendix B ADVERTISING AND MARKET RESEARCH

**Table B1** Media costs during 2015–16

Category	Vendor	Amount (\$)
Campaign	Outdoor Media Association Inc.	66,000
Market research	Australian Institute of Criminology	60,265
Market research	Colmar Brunton Pty Ltd	50,735
Campaign	Get Goosebumps Pty Ltd	29,920
Non-campaign advertising	Mitchell and Partners Australia Pty Ltd	29,932
Campaign	Productology Pty Ltd	23,100
Market research	Lonergan Research Pty Ltd	18,645
<b>Total</b>		<b>278,597</b>

## Appendix C STAFFING STATISTICS

**Table C1** Ongoing, non-ongoing and casual staff, 30 June 2015 and 30 June 2016

Sworn status	Employment group	30 June 2015	30 June 2016	Difference
Sworn police	Ongoing full-time	3,425	3,358	-67
	Ongoing part-time	124	122	-2
	Non-ongoing part-time	1	1	0
<b>Subtotal</b>		<b>3,550</b>	<b>3,481</b>	<b>-69</b>
Sworn protective service officer	Ongoing full-time	676	667	-9
	Ongoing part-time	5	5	0
<b>Subtotal</b>		<b>681</b>	<b>672</b>	<b>-9</b>
Unsworn staff	Ongoing full-time	2,217	2,180	-37
	Ongoing part-time	227	256	29
	Non-ongoing full-time	41	41	0
	Non-ongoing part-time	8	3	-5
	Casual	13	11	-2
<b>Subtotal</b>		<b>2,506</b>	<b>2,491</b>	<b>-15</b>
Asia-Pacific Group: unsworn	Ongoing full-time	12	12	0
	Non-ongoing full-time	2	1	-1
<b>Subtotal</b>		<b>14</b>	<b>13</b>	<b>-1</b>
<b>Total</b>		<b>6,751</b>	<b>6,657</b>	<b>-94</b>

Note: Australian Institute of Police Management staff are included under Unsworn staff.

**Table C2** AFP senior executives (substantive staff), 30 June 2016

Executive	Business area	Sworn police	Sworn protective service officer	Unsworn staff	Total
Chief Operating Officer	Finance and Commercial			4	<b>4</b>
	Chief Counsel			3	<b>3</b>
	People, Safety & Security	7		4	<b>11</b>
	Workforce & Development	7			<b>7</b>
	Capacity Reform	1			<b>1</b>
<b>Chief Operating Officer subtotal</b>		<b>15</b>		<b>11</b>	<b>26</b>
Deputy Commissioner Capability	Specialist Operations	1		2	<b>3</b>
	Support Capability	4		1	<b>5</b>
	Technology & Innovation			3	<b>3</b>
<b>Deputy Commissioner Capability subtotal</b>		<b>5</b>		<b>6</b>	<b>11</b>
Deputy Commissioner National Security	Counter Terrorism	4		1	<b>5</b>
	Protection Operations	4	1		<b>5</b>
<b>Deputy Commissioner National Security subtotal</b>		<b>8</b>	<b>1</b>	<b>1</b>	<b>10</b>
Deputy Commissioner Operations	Crime Operations	3			<b>3</b>
	International Operations	12			<b>12</b>
	Organised Crime & Cyber	2			<b>2</b>
<b>Deputy Commissioner Operations subtotal</b>		<b>17</b>			<b>17</b>
Chief of Staff		7		4	<b>11</b>
Chief Police Officer – ACT		3		1	<b>4</b>
Asia–Pacific Group				2	<b>2</b>
<b>Total</b>		<b>55</b>	<b>1</b>	<b>25</b>	<b>81</b>

Note: The Office of Commissioner is noted under Chief of Staff. People, Safety & Security include senior executives on secondments.

**Table C3** AFP staff, by location and gender, 30 June 2016

State	ACT	CT <sup>1</sup>	NSW	NT	OP <sup>2</sup>	Qld	SA	Tas	Vic	WA	Total	%
<b>Sworn police</b>												
Female	368	4	122	11	38	66	18	1	119	21	<b>768</b>	22
Male	1,100	17	481	29	191	274	86	4	358	163	<b>2,713</b>	78
<b>Subtotal</b>	<b>1,478</b>	<b>21</b>	<b>603</b>	<b>40</b>	<b>229</b>	<b>340</b>	<b>104</b>	<b>5</b>	<b>477</b>	<b>184</b>	<b>3,481</b>	<b>100</b>
<b>Sworn protective service officer</b>												
Female	39		13	3	1	1	1		3	7	<b>68</b>	10
Male	256		173	42	4	4	5		53	67	<b>604</b>	90
<b>Subtotal</b>	<b>295</b>		<b>186</b>	<b>45</b>	<b>5</b>	<b>5</b>	<b>6</b>		<b>56</b>	<b>74</b>	<b>672</b>	<b>100</b>
<b>Unsworn staff</b>												
Female	1,163	2	130	5	26	51	13		79	33	<b>1,502</b>	60
Male	739	5	91	0	24	39	5		63	23	<b>989</b>	40
<b>Subtotal</b>	<b>1,902</b>	<b>7</b>	<b>221</b>	<b>5</b>	<b>50</b>	<b>90</b>	<b>18</b>		<b>142</b>	<b>56</b>	<b>2,491</b>	<b>100</b>
<b>Asia-Pacific Group: unsworn</b>												
Female			7								<b>7</b>	54
Male			6								<b>6</b>	46
<b>Subtotal</b>			<b>13</b>								<b>13</b>	<b>100</b>
<b>All staff</b>												
Female	1,570	6	272	19	65	118	32	1	201	61	<b>2,345</b>	35
Male	2,105	22	751	71	219	317	96	4	474	253	<b>4,312</b>	65
<b>Subtotal</b>	<b>3,675</b>	<b>28</b>	<b>1,023</b>	<b>90</b>	<b>284</b>	<b>435</b>	<b>128</b>	<b>5</b>	<b>675</b>	<b>314</b>	<b>6,657</b>	<b>100</b>

<sup>1</sup> Commonwealth territories.

<sup>2</sup> Overseas post.

**Table C4** Length of service of AFP staff, 30 June 2016

Sworn status	Executive	Length of service (years)							Total
		<1	1-5	6-10	11-15	16-20	21-25	26+	
Sworn police	Chief of Staff		1		1	2	3	7	<b>14</b>
	Chief Operating Officer		7	48	45	36	20	43	<b>199</b>
	Chief Police Officer – ACT	24	199	236	117	40	10	70	<b>696</b>
	Deputy Commissioner Capability		33	269	162	72	31	71	<b>638</b>
	Deputy Commissioner National Security		146	274	192	80	35	88	<b>815</b>
	Deputy Commissioner Operations		161	395	191	158	63	151	<b>1,119</b>
<b>Subtotal</b>		<b>24</b>	<b>547</b>	<b>1,222</b>	<b>708</b>	<b>388</b>	<b>162</b>	<b>430</b>	<b>3,481</b>
Sworn protective service officer	Chief of Staff			1					<b>1</b>
	Chief Operating Officer			4	6	2		1	<b>13</b>
	Chief Police Officer – ACT					1			<b>1</b>
	Deputy Commissioner Capability		1	7	13	2		1	<b>24</b>
	Deputy Commissioner National Security	26	103	206	175	38	32	48	<b>628</b>
	Deputy Commissioner Operations			3	2				<b>5</b>
<b>Subtotal</b>		<b>26</b>	<b>104</b>	<b>221</b>	<b>196</b>	<b>43</b>	<b>32</b>	<b>50</b>	<b>672</b>
Unsworn staff	Chief of Staff	2	49	28	8	2		2	<b>91</b>
	Chief Operating Officer	49	296	284	132	39	14	20	<b>834</b>
	Chief Police Officer – ACT	13	73	82	33	5	4	2	<b>212</b>
	Deputy Commissioner Capability	52	353	351	146	49	14	27	<b>992</b>
	Deputy Commissioner National Security	2	24	33	11	2	3	1	<b>76</b>
	Deputy Commissioner Operations	3	74	124	48	18	7	12	<b>286</b>
<b>Subtotal</b>		<b>121</b>	<b>869</b>	<b>902</b>	<b>378</b>	<b>115</b>	<b>42</b>	<b>64</b>	<b>2,491</b>
Asia–Pacific Group: unsworn	Asia–Pacific Group	1	5	7					<b>13</b>
<b>Total</b>		<b>172</b>	<b>1,525</b>	<b>2,352</b>	<b>1,282</b>	<b>546</b>	<b>236</b>	<b>544</b>	<b>6,657</b>

Note: The Chief Operating Officer stream includes the Graduate and Directions programs and Australian Institute of Police Management staff.

**Table C5** AFP workforce composition, 30 June 2016

Base salary group	Casual	Band 1	Band 2	Band 3	Band 4	Band 5	Band 6	Band 7	Band 8	Exec level	SES	Statutory office holders	Total
<b>Sworn police</b>													
Female			59	150	183	176	28	133	8	18	12	1	<b>768</b>
Male			134	539	630	707	58	458	45	100	39	3	<b>2,713</b>
<b>Subtotal</b>			<b>193</b>	<b>689</b>	<b>813</b>	<b>883</b>	<b>86</b>	<b>591</b>	<b>53</b>	<b>118</b>	<b>51</b>	<b>4</b>	<b>3,481</b>
<b>Sworn protective service officer</b>													
Female			26	27	8	2		3	1	1	0		<b>68</b>
Male			101	352	67	57	4	9	10	3	1		<b>604</b>
<b>Subtotal</b>			<b>127</b>	<b>379</b>	<b>75</b>	<b>59</b>	<b>4</b>	<b>12</b>	<b>11</b>	<b>4</b>	<b>1</b>		<b>672</b>
<b>Unsworn staff</b>													
Female	5	2	51	287	437	198	199	207	71	36	9		<b>1,502</b>
Male	6		23	182	178	109	186	160	72	59	14		<b>989</b>
<b>Subtotal</b>	<b>11</b>	<b>2</b>	<b>74</b>	<b>469</b>	<b>615</b>	<b>307</b>	<b>385</b>	<b>367</b>	<b>143</b>	<b>95</b>	<b>23</b>		<b>2,491</b>
<b>Asia-Pacific Group: unsworn</b>													
Female				1	1	2		2		1			<b>7</b>
Male						1				3	2		<b>6</b>
<b>Subtotal</b>				<b>1</b>	<b>1</b>	<b>3</b>		<b>2</b>		<b>4</b>	<b>2</b>		<b>13</b>
<b>Total</b>	<b>11</b>	<b>2</b>	<b>394</b>	<b>1,538</b>	<b>1,504</b>	<b>1,252</b>	<b>475</b>	<b>972</b>	<b>207</b>	<b>221</b>	<b>77</b>	<b>4</b>	<b>6,657</b>

**Table C6** Outposting to other agencies / police services, secondments, territories police and peacekeeping / police development, 30 June 2016

Location and agency	Total
<b>Domestic</b>	<b>62</b>
Attorney-General's Department	3
Australian Commission for Law Enforcement Integrity	2
Australian Counter-Terrorism Centre	2
Australian Crime Commission	1
Australian Border Force	5
Australian Defence Force Investigative Service	1
Australian Federal Police Association	1
Australian Sports Anti-Doping Authority	1
Australian Taxation Office	1
Australian Transaction Reports and Analysis Centre	1
Department of Human Services	22
National Border Targeting Centre	1
National Security College	1
National Threat Assessment Centre	1
Northern Territory Police (Child Abuse Taskforce)	3
Royal Commission into Institutional Responses to Child Sexual Abuse	5
Trade Union Joint Police Taskforce	11
<b>International</b>	<b>10</b>
Australian Counter-Terrorism Centre	1
Europol	1
INTERPOL	1
INTERPOL Global Complex for Innovation	2
Joint Cybercrime Action Taskforce	1
National Crime Agency	1
Pacific Transnational Crime Coordination Centre	1
Transnational Crime Coordination Network	1
Transnational Crime Unit	1
<b>Peacekeeping / police development</b>	<b>216</b>
External territories	28
Stability/capacity-building	188
<b>Total</b>	<b>288</b>

**Table C7** AFP staff identifying as Aboriginal and/or Torres Strait Islander, by sworn status and employment group, 30 June 2015 and 30 June 2016

Sworn status	Employment group	30 June 2015	30 June 2016	Difference
Sworn police	Ongoing full-time	38	40	2
	Ongoing part-time	1	0	-1
<b>Subtotal</b>		<b>39</b>	<b>40</b>	<b>1</b>
Sworn protective service officer	Ongoing full-time	8	8	0
<b>Subtotal</b>		<b>8</b>	<b>8</b>	<b>0</b>
Unsworn staff	Ongoing full-time	41	56	15
	Ongoing part-time	0	1	1
	Non-ongoing full-time	2	3	1
	Non-ongoing part-time	3	1	-2
<b>Subtotal</b>		<b>46</b>	<b>61</b>	<b>15</b>
<b>Total identifying as Indigenous</b>		<b>93</b>	<b>109</b>	<b>16</b>
<b>Total AFP workforce</b>		<b>6,751</b>	<b>6,657</b>	<b>-94</b>
<b>Indigenous employment rate</b>		<b>1.4%</b>	<b>1.6%</b>	<b>0.2%</b>

Note: This data has been captured using an optional self-reporting mechanism; therefore the numbers in this table may not accurately reflect the actual numbers of Aboriginal and/or Torres Strait Islander staff within the organisation.

**Table C8** AFP staff identifying as Aboriginal and/or Torres Strait Islander, by location and gender, 30 June 2016

State	ACT	NSW	NT	OP <sup>1</sup>	Qld	SA	Vic	WA	Total
<b>Sworn police</b>									
Female	5	1	1			1			<b>8</b>
Male	15	5	1	5	2	1	3		<b>32</b>
<b>Subtotal</b>	<b>20</b>	<b>6</b>	<b>2</b>	<b>5</b>	<b>2</b>	<b>2</b>	<b>3</b>		<b>40</b>
<b>Sworn protective service officer</b>									
Female		1							<b>1</b>
Male	2	3					1	1	<b>7</b>
<b>Subtotal</b>	<b>2</b>	<b>4</b>					<b>1</b>	<b>1</b>	<b>8</b>
<b>Unsworn staff</b>									
Female	25	4			3	1		2	<b>35</b>
Male	21	3			2				<b>26</b>
<b>Subtotal</b>	<b>46</b>	<b>7</b>			<b>5</b>	<b>1</b>		<b>2</b>	<b>61</b>
<b>Total</b>	<b>68</b>	<b>17</b>	<b>2</b>	<b>5</b>	<b>7</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>109</b>

<sup>1</sup> Overseas post.

Note: This data has been captured using an optional self-reporting mechanism; therefore the numbers in this table may not accurately reflect the actual numbers of Aboriginal and/or Torres Strait Islander staff within the organisation.

## Appendix D AGENCY RESOURCE STATEMENT AND RESOURCES FOR OUTCOMES

**Table D1** Agency resource statement, 2015–16

		Actual available appropriation for 2015–16 <sup>1</sup> \$'000 (a)	Payments made 2015–16 \$'000 (b)	Balance remaining 2015–16 \$'000 (a) – (b)
<b>ORDINARY ANNUAL SERVICES<sup>2</sup></b>				
Departmental appropriation <sup>3</sup>		1,607,391	1,410,113	197,278
<b>Total</b>		<b>1,607,391</b>	<b>1,410,113</b>	<b>197,278</b>
<b>Administered expenses</b>				
Outcome 1 <sup>4</sup>		16,427	16,427	
<b>Total</b>		<b>16,427</b>	<b>16,427</b>	
<b>Total ordinary annual services</b>	<b>A</b>	<b>1,623,818</b>	<b>1,426,540</b>	
<b>OTHER SERVICES<sup>5</sup></b>				
<b>Departmental non-operating</b>				
Equity injections		103,141	50,881	52,260
<b>Total other services</b>	<b>B</b>	<b>103,141</b>	<b>50,881</b>	
<b>Total available annual appropriations</b>		<b>1,726,959</b>	<b>1,477,421</b>	
<b>Total available annual appropriations excluding special accounts</b>		<b>1,726,959</b>	<b>1,477,421</b>	
<b>SPECIAL ACCOUNTS</b>				
Opening balance <sup>6</sup>		7,061		
Appropriation receipts <sup>7</sup>		1,512		
Non-appropriation receipts to special accounts		12,024		
Payments made			12,661	
<b>Total special accounts</b>	<b>C</b>	<b>20,597</b>	<b>12,661</b>	<b>7,936</b>
<b>Total resourcing (A+B+C)</b>		<b>1,747,556</b>	<b>1,490,082</b>	
Less appropriations drawn from annual or special appropriations above and credited to special accounts		(13,536)	(13,536)	
<b>Total net resourcing for agency</b>		<b>1,734,020</b>	<b>1,476,546</b>	

1. Actual available appropriation excludes amounts permanently quarantined under section 51 of the *Public Governance, Performance and Accountability Act 2013*.

2. Appropriation Bill (No. 1) 2015–16. This includes prior-year departmental appropriations available and section 74 relevant agency receipts.

3. Includes an amount of \$36.667m in 2015–16 for the departmental capital budget. For accounting purposes this amount has been designated as 'contributions by owners'.

4. Appropriation Bill (No. 1) 2015–16. This also includes prior-year administered appropriations.

5. Appropriation Bill (No. 2) 2015–16. This includes available equity appropriations from previous years.

6. Estimated opening balance for departmental special accounts (less 'special public money' held in the Services for Other Entities and Trust Moneys Special Account).

7. Appropriation receipts from annual appropriations for 2015–16 included above.

**Table D2** Expenses for Outcome 1

<b>Outcome 1: Reduced criminal and security threats to Australia's collective economic and societal interests through cooperative policing services</b>	<b>Budget<sup>1</sup> 2015–16 \$'000 (a)</b>	<b>Actual expenses 2015–16 \$'000 (b)</b>	<b>Variation 2015–16 \$'000 (a) - (b)</b>
<b>Program 1.1: Federal Policing and National Security</b>			
<b>Administered expenses</b>			
Ordinary annual services (Appropriation Bill No. 1)	3,207	2,911	296
<b>Departmental expenses</b>			
Departmental appropriation <sup>2</sup>	924,127	948,401	(24,274)
Special accounts	8,500	12,661	(4,161)
Expenses not requiring appropriation in the budget year <sup>3</sup>	84,842	82,409	2,433
<b>Total for Program 1.1</b>	<b>1,020,676</b>	<b>1,046,382</b>	<b>(25,706)</b>
<b>Program 1.2: International Police Assistance</b>			
<b>Administered expenses</b>			
Ordinary annual services (Appropriation Bill No. 1)	11,307	11,309	(2)
<b>Departmental expenses</b>			
Departmental appropriation <sup>2</sup>	217,372	208,933	8,439
Expenses not requiring appropriation in the budget year <sup>3</sup>	8,026	7,830	196
<b>Total for Program 1.2</b>	<b>236,705</b>	<b>228,072</b>	<b>8,633</b>
<b>Outcome 1 totals by appropriation type</b>			
<b>Administered expenses</b>			
Ordinary annual services (Appropriation Bill No. 1)	14,514	14,220	294
<b>Departmental expenses</b>			
Departmental appropriation	1,141,499	1,157,334	(15,835)
Special accounts	8,500	12,661	(4,161)
Expenses not requiring appropriation in the budget year	92,868	90,239	2,629
<b>Total expenses for Outcome 1</b>	<b>1,257,381</b>	<b>1,274,454</b>	<b>(17,073)</b>
		<b>2014–15</b>	<b>2015–16</b>
<b>Average staffing level (number)</b>		5,398	5,489

1. Full-year budget, including any subsequent adjustment made to the 2015–16 Budget.

2. Departmental appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (section 74)'.

3. Expenses not requiring appropriation in the budget year are made up of depreciation and amortisation expenses and resources received free of charge.

**Table D3** Expenses for Outcome 2

<b>Outcome 2: A safe and secure environment through policing activities on behalf of the Australian Capital Territory Government</b>	Budget <sup>1</sup> 2015–16 \$'000 (a)	Actual expenses 2015–16 \$'000 (b)	Variation 2015–16 \$'000 (a) - (b)
<b>Program 2.1: ACT Community Policing</b>			
Departmental expenses			
Departmental appropriation <sup>2</sup>	155,204	156,023	(819)
Expenses not requiring appropriation in the budget year <sup>3</sup>	5,310	5,310	–
<b>Total expenses for Outcome 2</b>	<b>160,514</b>	<b>161,333</b>	<b>(819)</b>

	<b>2014–15</b>	<b>2015–16</b>
<b>Average staffing level (number)</b>	982	968

1. Full-year budget, including any subsequent adjustment made to the 2015–16 Budget.
2. Departmental appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (section 74)'.
3. Expenses not requiring appropriation in the budget year relate to resources received free of charge.

## Appendix E NON-FINANCIAL PERFORMANCE

**Table E1** Performance of Program 1.1 and 1.2 in relation to key performance indicators

Key performance indicator (KPI)		2011–12	2012–13	2013–14	2014–15	2015–16	2015–16	
		Result	Result	Result	Result	Result	Target	Met
<b>Program 1.1</b> Federal Policing and National Security (Corporate Plan 2015–2019, p. 17; Portfolio Budget Statements 2015–16, pp. 134–5)								
<b>KPI1</b> Level of external client/stakeholder satisfaction (% of clients satisfied or very satisfied) <sup>1</sup>		92%	91%	93%	92%	92%	85%	Yes
<b>KPI2</b> Percentage of cases before court that result in conviction		95%	93%	95%	94%	95%	90%	Yes
<b>KPI3</b> Percentage of counter-terrorism investigations that result in a prosecution, disruption or intelligence referral outcome		100%	100%	100%	100%	100%	90%	Yes
<b>KPI4</b> 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) <sup>2</sup>		82%	86%	87%	78%	78%	75%	Yes
<b>KPI5</b> Response to aviation law enforcement and/or security incidents within priority response times	Priority 1: within 5 minutes	82%	85%	82%	76%	70%	75%	No
	Priority 1: within 10 minutes	97%	97%	94%	92%	91%	90%	Yes
	Priority 2: within 15 minutes	94%	92%	91%	89%	88%	75%	Yes
	Priority 2: within 20 minutes	97%	95%	94%	93%	93%	90%	Yes
	Priority 3: within 90 minutes	100%	99%	99%	99%	99%	75%	Yes
	Priority 3: within 120 minutes	100%	100%	99%	99%	100%	90%	Yes
	Priority 4: within 24 hours	100%	100%	100%	99%	100%	90%	Yes
<b>KPI6</b> Number of avoidable incidents <sup>3</sup> per 5,000 Protection hours		0.03	0.00	0.02	0.03	0.00	<4	Yes
<b>KPI7</b> Return on investment for investigation of transnational crime		8	7	9	5	5	>1	Yes
<b>KPI8</b> Assets restrained		\$90.9m	\$62.5m	\$134.0m	\$246.6m	\$96.5m	Increase <sup>4</sup>	No
<b>KPI9</b> Increased or reinforced cyber safety and security awareness (% of surveyed sample indicating increased awareness or reinforced awareness after delivery of presentations)		86%	88%	90%	96%	94%	85%	Yes

Key performance indicator (KPI)	2011–12	2012–13	2013–14	2014–15	2015–16	2015–16	Met
	Result	Result	Result	Result	Result	Target	
Program 1.2 International Police Assistance (Corporate Plan 2015–2019, p. 19; Portfolio Budget Statements 2015–16, p. 139)							
<b>KPI 10</b> Level of external client/stakeholder satisfaction (% of clients satisfied or very satisfied) <sup>1</sup>	92%	90%	95%	86%	95%	85%	Yes
<b>KPI 11</b> Mission / external territories performance evaluation	n.a.	n.a.	Positive feedback	Positive feedback	Positive feedback <sup>2</sup>	Positive feedback	Yes

1. KPI 1 and KPI 10 are based on the AFP Business Satisfaction Survey.

2. KPI 4 is based on the AFP Airport Consumer Confidence Survey.

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

4. 'Increase' is defined as an increase in assets restrained relative to the previous five-year average (\$111.1 million in the period 2010–11 to 2014–15).

5. Positive aspects from program evaluations in Papua New Guinea, Tonga and the Pacific included increased participation of women, trilateral arrangements with New Zealand, and overall effectiveness, respectively. More detail is provided in the Annual performance statements.

**Table E2** Performance of Program 1.1 and 1.2 in relation to deliverable indicators

Deliverable (D)	2011–12	2012–13	2013–14	2014–15	2015–16	2015–16	Met
	Result	Result	Result	Result	Result	Target	
<b>Program 1.1</b>							
<b>Federal Policing and National Security (Portfolio Budget Statements 2015–16, pp. 134–5)</b>							
<b>National Security</b>							
<b>D1</b> Percentage of time spent on high to very high impact counter-terrorism cases	98%	96%	99%	96%	98%	95%	Yes
<b>D2</b> Percentage of counter-terrorism activities that are preventative (not responsive)	100%	100%	100%	98%	98%	100%	No
<b>D3</b> Percentage of time spent on operational counter-terrorism activity (versus capacity development activity)	85%/15%	82%/18%	96%/4%	99%/1%	99%/1%	≥75%/<25%	Yes
<b>D4</b> Proportion of resources used to undertake proactive and intelligence-led counter-terrorism, crime management, public order and first-response operations at Australian airports	95%	90%	90%	94%	92%	70%	Yes
<b>D5</b> Percentage of time dedicated to preventative versus response activities at Commonwealth facilities receiving AFP protection (Uniform Protection) <sup>1</sup>	99%/1%	99%/<1%	99%/1%	99%/1%	99%/1%	≥80%/<20%	Yes
<b>D6</b> Percentage of time dedicated to preventative versus response activities by teams responsible for close personal protection of dignitaries, politicians and visiting officials <sup>2</sup>	21%/79%	32%/68%	16%/84%	8%/92%	5%/95%	<40%/≥60%	Yes
<b>Federal Policing</b>							
<b>D7</b> Percentage of serious and organised crime operations conducted under joint agency investigations	58%	60%	75%	70%	78%	65%	Yes
<b>D8</b> Percentage of cases targeting the criminal economy	31%	32%	35%	32%	33%	30%	Yes
<b>D9</b> Percentage of time spent on high to very high impact cases <sup>3</sup>	86%	87%	88%	87%	87%	80%	Yes
<b>D10</b> Number of cases reaching court and finalised <sup>4</sup>	347	476	351	345	382	300	Yes

Deliverable (D)	2011-12	2012-13	2013-14	2014-15	2015-16	2015-16	Met
	Result	Result	Result	Result	Result	Target	
<b>Program 1.1</b>							
Federal Policing and National Security (Portfolio Budget Statements 2015-16, pp. 134-5)							
Specialist and supporting capabilities							
<b>D11</b> National Association of Testing Authorities Accreditation (ISO 17025) in all relevant forensic disciplines	Current	Current	Current	Current	Current	Maintained	Yes
<b>D12</b> Provision of timely technical intelligence to the AFP and partner agencies (% of responses within five business days)	95%	98%	94%	96%	100%	90%	Yes
<b>D13</b> Number of forensic service requests completed <sup>5</sup>	Inside limits	Above lower limit	Inside limits	Inside limits	Below lower limit	Within 95% limits	No
<b>D14</b> Percentage of AFP personnel having completed technology-related (Tier 1) training	80%	92%	83%	88%	92%	85%	Yes
<b>Program 1.2</b>							
International Police Assistance (Portfolio Budget Statements 2015-16, p. 139)							
<b>D15</b> Number of police and other law and justice officials trained	n.a.	n.a.	3,645	4,896	4,609	3,500	Yes
<b>D16</b> Percentage of mission resources committed to countries in the Indo-Pacific region <sup>6</sup>	(90%)	(88%)	(95%)	(99%)	98%	90%	Yes
<b>D17</b> Percentage of mission resources committed to countries with rule of law indicators below the international median <sup>7</sup>	90%	90%	88%	89%	91%	80%	Yes
<b>D18</b> Percentage of programs addressing gender issues at implementation	n.a.	n.a.	n.a.	n.a.	100%	80%	Yes

1. Preventative activities include active patrolling, monitoring of electronic measures, alarms and closed-circuit television, and access/egress support. Response activities include responses to security incidents.

2. Preventative activities include close personal protection advances, major event planning and training. Response activities include provision of close personal protection and operational responses to major events.

3. This indicator was expanded to include all investigations in 2015-16. It was previously limited to High Tech Crime Operations. All figures in the table use the new definition and are comparable across years.

4. This indicator was expanded to include all cases with court outcomes under Program 1.1. It was previously limited to high to very high impact High Tech Crime Operations. It now also reflects all cases finalised in the period and is the denominator of the conviction rate key performance indicator (KPI 2). All figures in the table use the new definition and are comparable across years.

5. Control chart methodology is used to determine 95% confidence limits based on historical data. Completed requests were below the lower monthly limit in one month (June 2016).

6. Indicator expanded from Asia-Pacific to Indo-Pacific and target increased from 85% to 90% in 2015-16.

7. International median based on annual figures published by the World Bank.

**Table E3** Drug seizures, 2014–15 and 2015–16

Drug group reported	2014–15		2015–16	
	Seizures	Weight (kg)	Seizures	Weight (kg)
Amphetamine-type stimulants (ATS)	2,193	6,856.7	1,724	4,671.8
<i>Amphetamine</i>	134	44.2	263	226.0
<i>MDMA (3,4-methylenedioxymethamphetamine)</i>	531	1,952.8	502	199.0
<i>Methamphetamine</i>	1,112	3,572.2	895	3,274.3
<i>Other ATS</i>	560	1,287.5	254	972.5
Cannabis	678	114.3	562	81.3
Cocaine	466	392.7	572	668.8
Hallucinogen	169	17.1	126	41.5
Opioid/Opiate (including heroin)	424	394.8	259	250.8
Pharmaceutical	4	0.3	111	41.4
Precursor	57	680.4	25	340.1
Sedative	281	440.2	253	301.4
Steroid / Performance and image-enhancing drug	55	169.1	75	57.5
Other (identified)	212	186.5	396	2,950.2
Other (confirmed)	86	65.4	26	58.5
Other (unidentified)	124	49.3	79	65.3
<b>Total</b>	<b>4,243</b>	<b>9,366.9</b>	<b>3,636</b>	<b>9,528.5</b>

## Appendix F LIST OF ANNUAL REPORT REQUIREMENTS

Below is the table set out in Schedule 2 of the Public Governance, Performance and Accountability (PGPA) Rule. Section 17A(d) requires this table to be included in entities' annual reports as an aid of access.

Part of report	Requirement	Page
Letter of transmittal	Mandatory	iii
Table of contents	Mandatory	v
Alphabetical index	Mandatory	178–181
Glossary of abbreviations and acronyms	Mandatory	174–176
List of requirements	Mandatory	151–155
Details of contact officer	Mandatory	ii
Entity's website address	Mandatory	ii
Electronic address of report	Mandatory	ii
<b>Review by Commissioner</b>		
A review by the accountable authority of the entity	Mandatory	1–3
<b>Overview of the entity</b>		
A description of the role and functions of the entity	Mandatory	6–17
A description of the organisational structure of the entity	Mandatory	10–11
A description of the outcomes and programs administered by the entity	Mandatory	8–9
A description of the purposes of the entity as included in corporate plan	Mandatory	8
An outline of the structure of the portfolio of the entity	Portfolio departments – mandatory	n.a.
Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, mandatory	n.a.
<b>Report on the performance of the entity</b>		
Annual performance statements		
Annual performance statements in accordance with paragraph 39(1)(b) of the PGPA Act and section 16F of the PGPA Rule	Mandatory	18–38
Report on financial performance		
A discussion and analysis of the entity's financial performance	Mandatory	72
A table summarising the total resources and total payments of the entity	Mandatory	143–145
If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes including the cause of any operating loss of the entity, how the entity has responded to the loss and the actions that have been taken in relation to the loss, and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results	If applicable, mandatory	n.a.

Part of report	Requirement	Page
<b>Management and accountability</b>		
Corporate governance		
Information on compliance with section 10 (fraud systems)	Mandatory	73
A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared	Mandatory	iii
A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place	Mandatory	iii
A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud related to the entity	Mandatory	iii
An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance	Mandatory	10–14, 73–81
A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with finance law and action taken to remedy non compliance	If applicable, mandatory	n.a.
External scrutiny		
Information on the most significant developments in external scrutiny and the entity's response to the scrutiny	Mandatory	82–87
Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity	If applicable, mandatory	83, 84
Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a parliamentary committee or the Commonwealth Ombudsman	If applicable, mandatory	82, 83
Information on any capability reviews on the entity that were released during the period	If applicable, mandatory	n.a.
Management of human resources		
An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives	Mandatory	75–76, 88–92, 130–133
Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: <ul style="list-style-type: none"> <li>• statistics on staffing classification level</li> <li>• statistics on full-time employees</li> <li>• statistics on part-time employees</li> <li>• statistics on gender</li> <li>• statistics on staff location</li> <li>• statistics on employees who identify as Indigenous</li> </ul>	Mandatory	88, 135–142
Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i>	Mandatory	89, 91

Part of report	Requirement	Page
Information on the number of SES and non-SES employees covered by agreements etc. identified in paragraph 17AG(4)(c)	Mandatory	136, 139
The salary ranges available for APS employees by classification level	Mandatory	n.a.
A description of non-salary benefits provided to employees	Mandatory	89, 121
Information on the number of employees at each classification level who received performance pay	If applicable, mandatory	n.a.
Information on aggregate amounts of performance pay at each classification level	If applicable, mandatory	n.a.
Information on the average amount of performance payment and range of such payment, at each classification level	If applicable, mandatory	n.a.
Information on aggregate amount of performance payments	If applicable, mandatory	n.a.
Assets management		
An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, mandatory	n.a.
Purchasing		
An assessment of entity performance against the Commonwealth Procurement Rules	Mandatory	93
Consultants		
A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST)	Mandatory	94
A statement that 'During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]'.	Mandatory	94
A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged	Mandatory	93, 94
A statement that 'Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website'.	Mandatory	94

Part of report	Requirement	Page
<b>Australian National Audit Office access clauses</b>		
If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, mandatory	93
<b>Exempt contracts</b>		
If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, mandatory	94
<b>Small business</b>		
A statement that '[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and medium enterprises and small enterprise participation statistics are available on the Department of Finance's website'.	Mandatory	94
An outline of the ways in which the procurement practices of the entity support small and medium enterprises	Mandatory	94
If the entity is considered by the department administered by the Finance Minister as material in nature, a statement that '[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website'.	If applicable, mandatory	94
<b>Financial statements</b>		
Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	96–126
<b>Other mandatory information</b>		
If the entity conducted advertising campaigns, a statement that 'During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website'.	If applicable, mandatory	86, 134
If the entity did not conduct advertising campaigns, a statement to that effect	If applicable, mandatory	n.a.

Part of report	Requirement	Page
A statement that 'Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]'	If applicable, mandatory	80
Outline of mechanisms of disability reporting, including reference to website for further information	Mandatory	92
Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	84
Correction of material errors in previous annual report	If applicable, mandatory	176
Information required by other legislation	Mandatory	157–171



Annex A  
Assumed identities  
annual report 2015–16

**Annex A**  
Assumed identities  
annual report 2015–16

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# Annex A:

## Assumed identities annual report 2015–16

### *Part IAC of the Crimes Act 1914*

Pursuant to section 15LD(1) of the *Crimes Act 1914*, the chief officer of the Australian Federal Police (AFP), as soon as practicable after the end of each financial year, must submit a report to the Minister that includes the following information:

- a. the number of authorities granted during the year
- b. a general description of the activities undertaken by authorised civilians and authorised law enforcement officers when using assumed identities under Part IAC during the year
- c. the number of applications for authorities that were refused during the year
- d. the number of authorities of which control was transferred by the chief officer under section 15KV during the year
- e. the number of authorities of which control was transferred to the chief officer under section 15KV during the year
- f. a statement whether or not any fraud or other unlawful activity was identified by an audit under section 15LG during the year
- g. any other information relating to authorities and assumed identities and the administration of Part IAC that the Minister considers appropriate.

For the year ending 30 June 2016:

- a. Authorising persons from the AFP issued 208 authorities for the acquisition and use of assumed identities. In addition, there were 70 variations and 133 revocations.
- b. The activities undertaken by approved officers when using their assumed identities included functions performed covertly in the conduct of intelligence collection and investigations associated with the achievement of AFP core business outcomes.
- c. There were no applications for authorities refused.
- d. There were no authorities of which control was transferred by the chief officer of the AFP under section 15KV.
- e. There were no authorities of which control was transferred to the chief officer of the AFP under section 15KV.
- f. Two audits were conducted on records and practices relating to assumed identities. No fraud or unlawful activity was identified.
- g. There is no other information relating to authorities and assumed identities and the administration of Part IAC.



Annex B  
National Witness Protection Program  
annual report 2015–16

**Annex B**  
National Witness  
Protection Program  
annual report 2015–16

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# Annex B: National Witness Protection Program annual report 2015–16

## Minister's introduction

I am pleased to submit the 2015–16 annual report on the operation of the National Witness Protection Program under the provisions of the *Witness Protection Act 1994*.

The report sets out the provisions of the legislation and relevant activity for the reporting period. The costs of the program are shown in the appendix to this report.

The task of providing witness protection is a highly sensitive area of law enforcement and I commend those involved with the administration and maintenance of the program.

This report has been prepared to provide as much detail as possible without prejudicing the effectiveness of the security of the National Witness Protection Program.



Michael Keenan  
Minister for Justice  
29 September 2016

**Annex B**  
National Witness  
Protection Program  
annual report 2015–16

## Introduction

The *Witness Protection Act 1994* (the Act) provides the statutory basis for the National Witness Protection Program (NWPP) and commenced operation on 18 April 1995.

The Act enables protection and assistance to be provided to witnesses who are assessed as being in danger because they have given, or have agreed to give, evidence or a statement on behalf of the Crown in criminal or certain other proceedings or to persons who have a relationship with these witnesses. This includes witnesses involved in operations run by the AFP, the Australian Commission for Law Enforcement Integrity, the Australian Crime Commission and state and territory authorised bodies.

NWPP operational costs are shared between the AFP and the approved authority that refers the witness for protection and assistance.

Foreign law enforcement agencies and the International Criminal Court can request that foreign nationals or residents be included in the NWPP. The Minister for Justice must approve the inclusion of foreign nationals pursuant to sections 10 and 10A of the Act.

The AFP Commissioner administers the NWPP through the Witness Protection Committee and the Coordinator Discreet Operations. The Witness Protection Committee comprises the AFP Deputy Commissioner Capability, to whom a number of responsibilities are delegated, and two senior AFP officers – National Manager Support Capability and National Manager Organised Crime and Cyber.

The Witness Protection Committee makes recommendations on the inclusion and exit of witnesses in and from the program and on the conditions of their inclusion and exit. The Coordinator Discreet Operations is responsible for the day-to-day operations of the NWPP.

## General operations of the NWPP

The NWPP provides an environment in which participants are able to give evidence without fear of retribution in criminal trials that involve a significant degree of criminality at both the Commonwealth and state levels.

The majority of participants in the NWPP have been accepted into the program because of their involvement as witnesses in prosecutions related to organised crime, large-scale importation of illegal drugs or corruption matters. One of the matters considered when deciding that a person be included in the NWPP is that there are no other viable methods of protecting the witness. Section 5 of the Act prohibits witnesses from being included in the NWPP as a reward or as a means of persuading or encouraging them to give evidence or make a statement.

Participants in the NWPP experience an initial period of restricted and arduous lifestyle because of the strict security directions employed by the NWPP that are required to provide protection. These lifestyle restrictions are generally relaxed in time, once participants are integrated and self-sustainable within a community. The issue of self-sustainability is a key factor in determining the length of time that participants remain on the program.

In the year ending 30 June 2016 the NWPP managed 19 witness protection operations, providing protection and assistance to 40 people.

One assessment was completed and two assessments were commenced for inclusion into the NWPP, resulting in four people joining the NWPP. One operation was concluded, resulting in the departure of five participants from the NWPP.

The AFP's role in law enforcement is at the national and international level, as well as the community policing level in the Australian Capital Territory. The Australian Capital Territory does not have a separate witness protection scheme. Any witnesses who fall under the *Witness Protection Act 1996* (ACT) are assessed for inclusion in the NWPP.

During the reporting period the Commissioner made three disclosures under section 27 of the Act, in matters where participants with criminal records became witnesses in criminal proceedings.

## Integrity and accountability of the NWPP

Safeguards in the Act help to ensure that the integrity and accountability of the NWPP are maintained. AFP employees deployed to witness protection either hold or occupy designated positions that have national security clearance of Negative Vetting level 2.

NWPP employees are subject to AFP anti-corruption strategies, which include drug-testing in accordance with section 40M of the AFP Act.

The NWPP is subject to the AFP Governance Instrument Framework, which includes auditing of financial and performance management processes and compliance with the Act.

The Coordinator Discreet Operations presents applications for the placement of persons in the NWPP to the Witness Protection Committee. Officers who investigate the criminal matters that relate to the protection and assistance of the witness, as well as those NWPP employees who prepare submissions to the committee, are not involved in the decision-making process for that person's inclusion in the NWPP. This separation of responsibilities helps to ensure that decisions are made independently of operational considerations.

**Annex B**  
National Witness  
Protection Program  
annual report 2015–16

## Complaints and reviews of decisions

The protection of information related to participants in the NWPP is of paramount concern. Therefore, decisions made under the Act are not subject to the *Administrative Decisions (Judicial Review) Act 1977*.

AFP employees who administer the NWPP are subject to the same obligations as other members of the AFP. If a complaint is received, it will be dealt with in accordance with the AFP Act. Complaints may also be the subject of investigation by the Commonwealth Ombudsman under the *Ombudsman Act 1976*.

One complaint was made to the Commonwealth Ombudsman related to the NWPP in 2015–16. This complaint was not against an officer.

In 2015–16 the AFP Commissioner was not required to review any decisions made by a deputy commissioner to remove a person from the program involuntarily and no persons were removed involuntarily.

## Performance and effectiveness of the NWPP

Witness protection services under the Act are delivered by the AFP Protection function. One of AFP Witness Protection's key performance indicators is that there are fewer than four avoidable incidents per 5,000 protection hours. There were no avoidable incidents related to the NWPP during the reporting period. This includes recorded instances of direct physical attack on any participant in the NWPP in the reporting period.

In the past, certain entities that could compromise the security of participants in the NWPP have made attempts to locate and identify participants. One recorded instance occurred during the reporting period.

Section 28 of the Act protects participants' identities during court proceedings. The court can hold parts of the proceedings in private or it can make suppression orders on the publication of the evidence. Suppression orders were required for three investigations during the reporting period.

AFP NWPP employees undergo skills training each year to maintain and enhance operational witness protection skills and performance.

## Amendment to the Act

There were no legislative amendments to the Act during the reporting period.

## Complementary witness protection legislation

The purpose of section 24 of the Act is to protect the integrity of key Commonwealth documents that are needed in order for witnesses to establish new identities. All jurisdictions have enacted complementary legislation<sup>1</sup>, which has been declared 'complementary witness protection law' under section 3 of the Act. Signed section 24 arrangements are in place in all jurisdictions except Tasmania and the Northern Territory, which have not sought such arrangements.

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<sup>1</sup> New South Wales – *Witness Protection Act 1995*; Queensland – *Witness Protection Act 2000*; South Australia – *Witness Protection Act 1996*; Tasmania – *Witness Protection Act 2000*; Victoria – *Witness Protection Act 1991*; Western Australia – *Witness Protection (Western Australia) Act 1996*; Australian Capital Territory – *Witness Protection Act 1996*; and Northern Territory – *Witness Protection (Northern Territory) Act 2002*.

## Financial arrangements

The NWPP is administered and operated by the AFP. Basic administration costs and the base salaries of NWPP employees involved in witness protection activities are met from within the AFP budget.

By arrangement with the AFP, other agencies that have witnesses in the NWPP are responsible for costs, including those related to the security and subsistence needs of their witness and any operational expenses that the NWPP incurs. The AFP is responsible for costs of AFP-sponsored witnesses in the NWPP.

A table of costs for the NWPP for the previous 10 financial years is in the appendix to this report. The figures do not include the salaries and overhead costs of administering the NWPP. Figures provided are as at 30 June 2016.

## Appendix: Expenditure

Table AA1 National Witness Protection Program expenditure, 2015–16

AFP expenditure on NWPP	\$883,025.10
Less amounts recovered	\$311,428.19
Total AFP expenditure on NWPP	\$571,596.91

Table AA2 Total expenditure (before costs were recovered) in previous years

1 July 2014 – 30 June 2015	\$712,565.61
1 July 2013 – 30 June 2014	\$688,515.13
1 July 2012 – 30 June 2013	\$1,179,698.65
1 July 2011 – 30 June 2012	\$899,942.79
1 July 2010 – 30 June 2011	\$974,316.78
1 July 2009 – 30 June 2010	\$1,245,358.72
1 July 2008 – 30 June 2009	\$1,570,620.88
1 July 2007 – 30 June 2008	\$1,047,748.52
1 July 2006 – 30 June 2007	\$1,940,731.32
1 July 2005 – 30 June 2006	\$952,612.39



Annex C  
Unexplained wealth investigations  
and proceedings, 2015–16

**Annex C**  
Unexplained wealth  
investigations and  
proceedings, 2015–16

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# Annex C:

## Unexplained wealth investigations and proceedings, 2015–16

### **Section 179U of the *Proceeds of Crime Act 2002*: Parliamentary supervision**

Pursuant to section 179U of the *Proceeds of Crime Act 2002* (POCA), the Commissioner of the Australian Federal Police (AFP), as soon as practicable after the end of each financial year, must submit a report to the Parliamentary Joint Committee on Law Enforcement that includes the following information about unexplained wealth investigations and proceedings:

- a. the number of matters investigated in the year, by each enforcement agency, in respect of which a likely outcome may, or will, be the initiation of proceedings under Part 2-6 of the POCA and the basis for determining that number
- b. the number and results of applications in the year for:
  - (i) restraining orders under section 20A of the POCA, and
  - (ii) unexplained wealth orders
- c. any other information of a kind prescribed by regulation.

For the financial year ending 30 June 2016:

- a. There is one matter being investigated by the AFP in respect of which a likely outcome is the initiation of proceedings in New South Wales under Part 2-6. A final decision about commencing proceedings under this Part will be made once ongoing investigative and financial analysis processes are completed.
- b. (i) There was one application for a restraining order under section 20A, made in the Victorian Supreme Court in March 2016, resulting in the making of a restraining order by the court.  
  
(ii) In the same matter in the Victorian Supreme Court, an application was made for a preliminary unexplained wealth order under section 179B, resulting in the making of a preliminary unexplained wealth order by the court.
- c. There is no other relevant information of a kind prescribed by regulation.

## Shortened forms

AASB	Australian Accounting Standards Board
ACLEI	Australian Commission for Law Enforcement Integrity
ACT	Australian Capital Territory
AFP	Australian Federal Police
AIPM	Australian Institute of Police Management
ANAO	Australian National Audit Office
APG	Asia–Pacific Group
APM	Australian Police Medal
APS	Australian Public Service
ATO	Australian Taxation Office
ATS	amphetamine-type stimulant
CACT	Criminal Assets Confiscation Taskforce
CDO	Capability Development Office
CI	Christmas Island
CO3	Commissioner’s Order 3 (Operational safety)
CPI	Consumer Price Index
CSS	Commonwealth Superannuation Scheme
CTLA	Counter-Terrorism Legislation Amendment
D	deliverable
DCB	Departmental Capital Budgets
DCTP	Data Centre Transition Program
DHI	Drug Harm Index
Dr	Doctor
EFR	Estimated Financial Return
FBT	fringe benefits tax
GPO	General Post Office
GST	goods and services tax
ICT	information and communications technology
IED	improvised explosive device
INP	Indonesian National Police
IPS	Information Publication Scheme
IT	information technology
JCLEC	Jakarta Centre for Law Enforcement Cooperation
KPI	key performance indicator

LGBTI	lesbian, gay, bisexual, transgender and intersex
LLC	Limited Liability Company
Ltd	Limited
MP	member of parliament
n.a.	not applicable
NFRL	National Forensic Rapid Lab
NSW	New South Wales
NT	Northern Territory
NWPP	National Witness Protection Program
OAM	Medal of the Order of Australia
OPA	Official Public Account
PBS	Portfolio Budget Statements
PGPA Act	Public Governance, Performance and Accountability Act
PJCIS	Parliamentary Joint Committee on Intelligence and Security
PNG	Papua New Guinea
PNG–APP	Papua New Guinea – Australia Policing Partnership
POCA	Proceeds of Crime Act
PPDP	Pacific Police Development Program
PSPF	Protective Security Policy Framework
PSS	Public Sector Superannuation
PSSap	Public Sector Superannuation Accumulation Plan
Pty Ltd	Proprietary Limited
Qld	Queensland
RAMSI	Regional Assistance Mission to Solomon Islands
ROI	return on investment
RPNGC	Royal Papua New Guinea Constabulary
RSIPF	Royal Solomon Islands Police Force
RTP	Royal Thai Police
SA	South Australia
SAN	Storage Area Network
SES	Senior Executive Service
SFCT	Serious Financial Crime Taskforce
SIM	subscriber identity module
Tas.	Tasmania
USB	Universal Serial Bus
Vic.	Victoria
WA	Western Australia

## Glossary

<b>Criminal Assets Confiscation Taskforce</b>	a multi-agency taskforce led by the AFP, comprising representatives from the Australian Crime Commission, the Australian Taxation Office and the AFP that was established in 2011 to disrupt, deter and reduce serious and organised crime by taking the profit out of crime
<b>Drug Harm Index</b>	a performance measure which puts a dollar figure on the overall damage to the Australian community that has been prevented by seizing drugs at the border
<b>Enterprise Agreement 2012–16</b>	sets the terms and conditions of employment in the AFP in accordance with section 172 of the <i>Fair Work Act 2009</i>
<b>Europol</b>	the law enforcement agency of the European Union, which aims to help achieve a safer Europe by supporting member states in their fight against international serious crime and terrorism
<b>Executive Level Enterprise Agreement 2016–19</b>	outlines the terms and conditions of employment for AFP executive-level employees and was approved by the Fair Work Commission on 2 February 2016
<b>Five Eyes Law Enforcement Group</b>	comprises members from Australia, Canada, New Zealand, the United Kingdom and the United States who work together to tackle transnational crime
<b>Fraud and Anti-Corruption Centre</b>	an AFP-led, multi-agency group that focuses on preventing, detecting and investigating serious and complex fraud and corruption against the Commonwealth, including foreign bribery and identity security offences
<b>G20</b>	the Group of Twenty, comprising major advanced and emerging economies: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, United Kingdom, United States and the European Union
<b>geomatics</b>	the discipline of gathering, storing, processing and delivering geographic information or spatially referenced information, which includes the tools and techniques used in land surveying, remote sensing, cartography, geographic information systems, global navigation satellite systems, photogrammetry, geography and related forms of earth mapping

<b>grow house</b>	a suburban house used primarily to grow cannabis
<b>'Integrated' risk management policy</b>	includes a vision for continuing development of the AFP's risk management program; contains a high-level risk appetite statement with both qualitative and quantitative elements which is linked to the AFP's business strategies; and is reviewed and updated to reflect changes in the internal and external environment ( <a href="http://www.finance.gov.au/sites/default/files/risk-management-capability-maturity-levels.pdf">http://www.finance.gov.au/sites/default/files/risk-management-capability-maturity-levels.pdf</a> )
<b>International Network</b>	an AFP group that operates with other Australian Government and international law enforcement agencies domestically and internationally to combat transnational organised crime, having 73 members deployed in 28 countries at 30 June 2016
<b>INTERPOL</b>	the world's largest international police organisation with 190 member countries, which facilitates cross-border police cooperation and assists agencies to prevent or combat international crime
<b>INTERPOL Red Notice</b>	assists national police forces to locate and arrest wanted persons with a view to extradition or similar lawful action
<b>National Anti-Gangs Squad</b>	a multi-agency taskforce that aims to disrupt and dismantle criminal gang activity by supporting strike teams in state capitals
<b>National Forensic Rapid Lab</b>	an AFP forensic capability that facilitates the identification of organised multiple importations of significant quantities of illicit drugs via the international postal system through the collection, analysis and assessment of forensic intelligence
<b>National Ice Taskforce</b>	established on 8 April 2015 to advise the government on the impacts of crystal methamphetamine in Australia and drive the development of the National Ice Action Strategy, which was delivered to the Prime Minister on 9 October 2015

<b>street value</b>	The estimated street value of a drug seizure was calculated according to the national median drug price for the specific drug as listed in the 2013–14 Australian Crime Commission Illicit Drug Data Report. The final total is expressed as if the seizure would have been broken up at its current level of purity and sold at the final stage of the supply chain in individual street dosage units.
<b>Unity Cup</b>	a joint AFP, Essendon, Kangaroos and Western Bulldogs football event designed to unite Melbourne’s culturally diverse communities and foster greater trust in law enforcement

## Corrigenda

The *Australian Federal Police annual report 2014–15* contained the following four minor errors which have been corrected in the online HTML version.

### Page 9

The seventh dot point should be part of the sixth dot point and refer to all emergencies, not ‘000’ emergencies:

- contributing effectively to the Australian Government’s international law enforcement interests, including matters involving cooperation with key international partners to combat transnational organised crime and corruption, responses to emergencies, law and order capacity-building missions, and participation in internationally mandated peace operations

### Page 45

The photo caption should be:

Man detained by police during a National Anti-Gangs Squad and Tasmania Police Week of Action

### Page 182

Table C4: the title should be:

AFP staff by location and gender, 30 June 2015 (not 2014)

### Page 185

Table C6: the title should be:

AFP workforce composition, 30 June 2015 (not 2014)

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