



AFP

AUSTRALIAN FEDERAL POLICE

ANNUAL REPORT 2013–14





AFP

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ANNUAL REPORT 2013–14

ISSN 0728-4691

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AFP

AUSTRALIAN FEDERAL POLICE

COMMISSIONER

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1 October 2014

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 2013 to 30 June 2014. This report includes:

- the annual report of the Australian Federal Police prepared in accordance with the *Australian Federal Police Act 1979* and the *Financial Management and Accountability Act 1997*
- 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*.

This report has been prepared in accordance with the relevant acts and the *Requirements for annual reports for departments, executive agencies and FMA Act bodies*.

A copy of this report is to be presented to each House of Parliament on or before 31 October 2014.

In accordance with guideline 5.8 of the *Commonwealth fraud control guidelines 2011*, I hereby certify that the Australian Federal Police has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes. 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
Performing the duties of Commissioner

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Australian Federal Police
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Sydney Office

Australian Federal Police
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Sydney South NSW 2000
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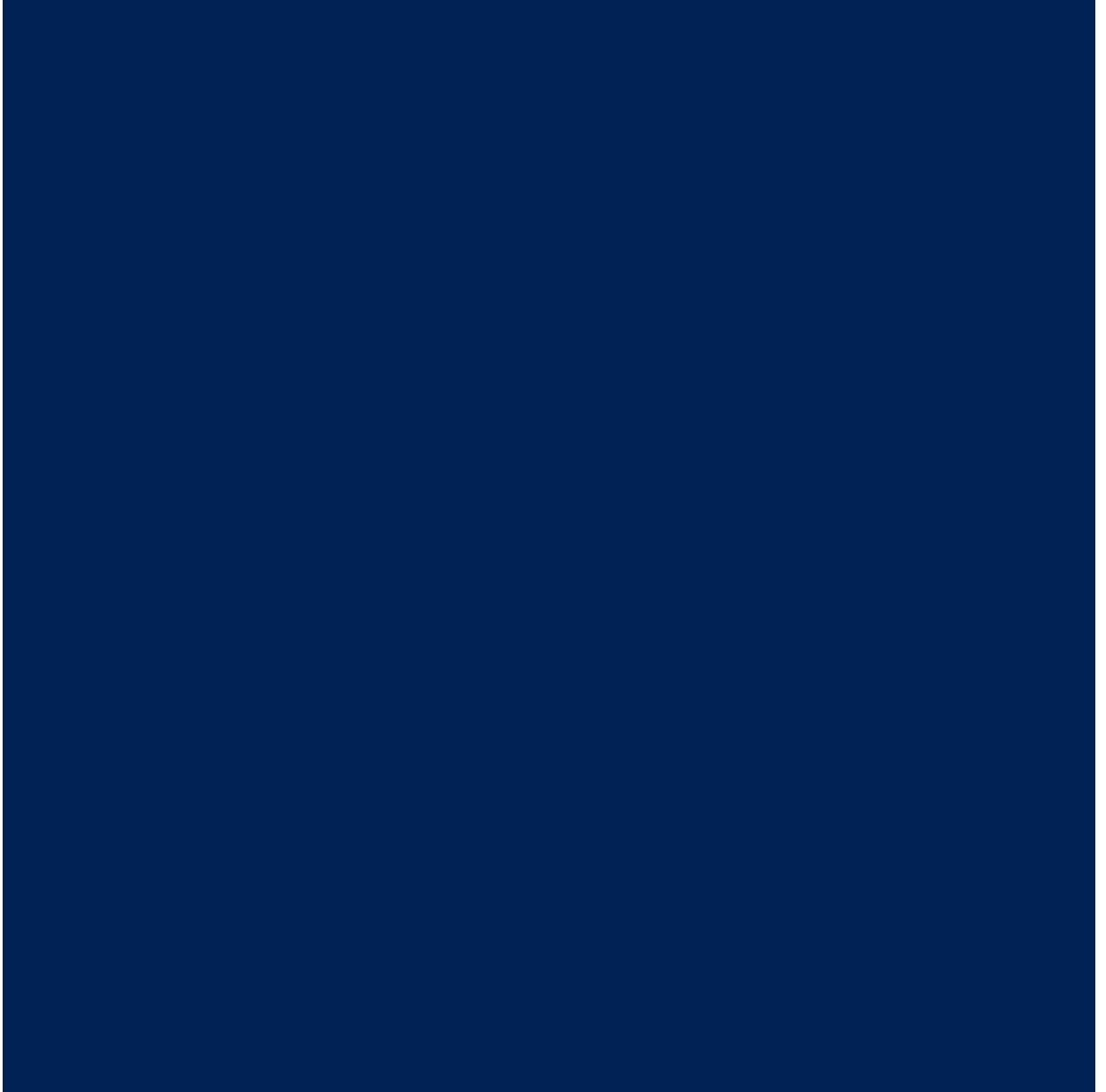
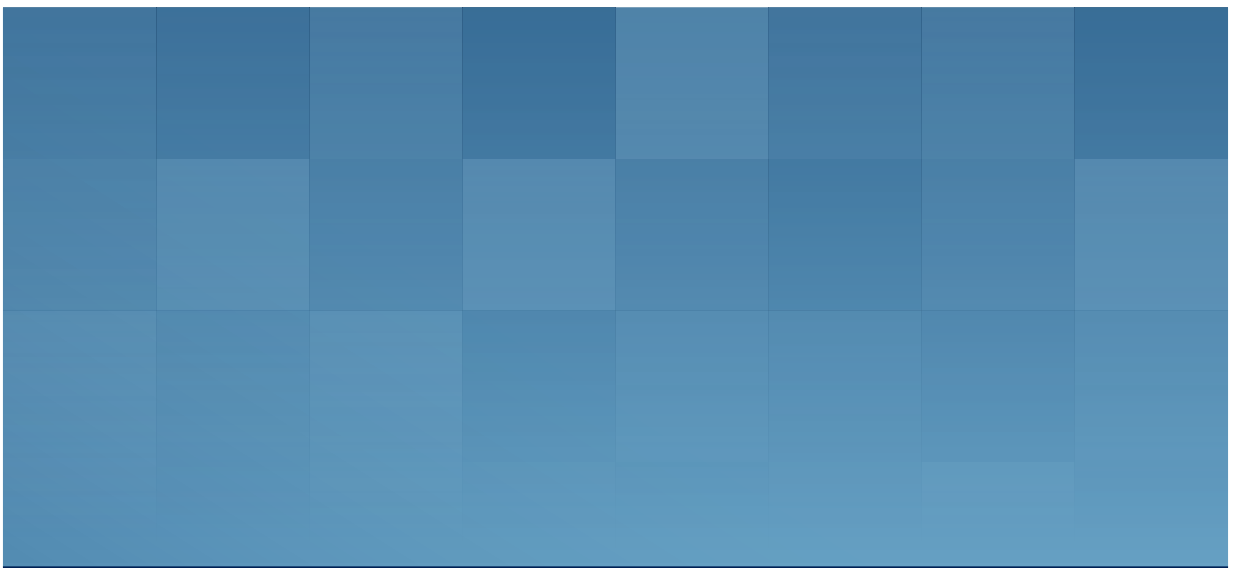
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1 COMMISSIONER'S REVIEW





Overview

The tabling of this report will coincide with the completion of my appointment as Commissioner of the Australian Federal Police (AFP). It has been my great honour and privilege to lead the organisation for the last five years.

During my tenure as Commissioner, the organisation has embarked on significant structural change. In response to the federal audit of police capabilities, the AFP incorporated into core business a vast array of programs previously subject to discrete and non-ongoing funding.

These changes both empowered and challenged the organisation to flexibly manage its resources to ensure delivery against agreed government and organisational priorities.

This move to a flexible funding model necessitated the development of refined governance processes, systems, tools and skills. In response, the AFP established the Crime Program in 2010, implemented the 'All In' model at all international airports, instigated the development of a new case management system, and established the Criminal Assets Confiscation Taskforce. The organisation also developed the AFP's Seven Strategic Principles, the AFP Strategic Plan 2012–2015, the International Engagement Strategy, the AFP Workforce Plan 2013–2015 and the AFP Strategic Risk Profile to support delivery of programs and services and provide a framework for achieving efficiencies.

As an outcome of this reform, the commitment of our staff and the support of partners, the AFP has now met all of its key performance indicator targets for three successive financial years. Not only has it achieved all targets within an increasingly tight fiscal environment and with targets being raised for seven indicators, it has also improved results against 12 indicators. Of particular note, an overall stakeholder satisfaction rating of 92 per cent (90 per cent last year) was achieved, drawing on the highest number of respondents since the survey began. These results have been delivered with a small deficit of \$12 million on a budget of over \$1.3 billion (excluding depreciation and one-off revaluation impacts). This continued to be achieved in the absence of any significant adverse Australian National Audit Office findings.

The AFP's innovation and commitment to excellence was also recognised during the financial year. The AFP's ThinkUKnow program was heralded nationally for its contribution to creating safer communities for adults and young people by the National Association for Prevention of Child Abuse and Neglect. The ThinkUKnow program represents an innovative partnership between the AFP, Microsoft Australia, ninemsn and Datacom, proudly delivered in collaboration with state and territory police services and Neighbourhood Watch Australasia.

Noting the importance of emerging technologies, the AFP continues to explore tools for better engaging with the public. Of particular note, the AFP Facebook page has gone from strength to strength since its launch in February last year to become our most popular social media channel with 73,145 'likes' recorded by 30 June 2014.

However, despite advances in technology, policing remains a people-centred profession. The AFP's greatest strength is its people, and our results reflect the hard work and dedication that our staff put in every day, at all levels. Sir Colin Woods, the first AFP Commissioner (1979–82), had a vision for the AFP to be universally recognised as an organisation imbued with integrity and one in which members support and encourage each other. Thirty-five years later this vision is reflected in the AFP being named as the highest ranking public sector employer in advocating for gay, lesbian, bisexual, transgender and intersex employees

for the second year in a row. The AFP's Gay and Lesbian Liaison Officer Network was also ranked first in the employee networks category nationally.

Crime and national security threats continue to evolve and criminal syndicates continue to actively seek to exploit vulnerabilities in the regulatory and law enforcement environment. During 2013–14 the AFP implemented the Australian Government's priority for a National Anti-Gangs Squad. Following an announcement by the Minister for Justice, the National Anti-Gangs Squad now includes strike teams in New South Wales, Queensland, Victoria and Western Australia. The strike teams provide a mechanism for national coordination of investigations, access to broader Commonwealth capabilities in support of state activity and an enhanced ability to collaborate with international law enforcement partners. Our work internationally also continued to evolve with the expansion of the Papua New Guinea – Australia Policing Partnership and the appointment of an AFP member to the position of UN Police Commissioner of Liberia.



Members deploying under Phase IV of the Papua New Guinea – Australia Policing Partnership arrive at Jackson International Airport in Port Moresby

In May 2014, the Investigations Standards and Practices Group was established. Building on the Investigations Doctrine, which provides the framework for ensuring investigational consistency and excellence, the group will provide a professional practice body to continue reinvigorating investigations by supporting consistency, standards and quality in investigations. Frontline mentors from the group are being deployed across offices to harness and support the continual development of our investigative tradecraft.

The Minister for Justice issued his Ministerial Direction under section 37(2) of the *Australian Federal Police Act 1979* with effect from 12 May 2014. This Ministerial Direction supersedes and revokes the Ministerial Direction issued in 2010 and provides a clear statement of the Australian Government's priorities for and expectations of the AFP.

In October 2013, Australia, New Zealand and the 15 contributing nations from the Pacific Islands Forum celebrated 10 years of involvement in the Regional Assistance Mission to Solomon Islands. In May 2014 the AFP also celebrated the 50th anniversary of police peacekeeping operations in Cyprus. These milestones highlight the scope of AFP activities and the importance of partnerships.

Operational performance

Criminality represents an ongoing threat to the wellbeing and safety of individuals and the prosperity of the nation as a whole. In order to target crime, the AFP in conjunction with domestic and international partners continues to employ a range of operational methodologies to prevent, deter, disrupt and dismantle criminal and national security threats. During 2013–14, these strategies resulted in a number of successes, including:

- seizure of almost 8 tonnes of illicit drugs and precursors, thereby mitigating over \$2 billion in harm to the Australian community
- targeting of criminal wealth and the financial base of crime by restraining \$134 million in assets, doubling the amount restrained in the previous year
- disruption and deterrence of crime through the achievement of an organisational conviction rate of 95 per cent for cases reaching court.

The ongoing success of the AFP is premised on the strength of its relationships with domestic and international law enforcement agencies. During 2013–14, the AFP's multi-agency, multidisciplinary approach continued to result in significant operational outcomes, including:

- **Operation Durin**, a joint-agency investigation by the AFP, the Department of Agriculture and the Australian Customs and Border Protection Service (ACBPS), which involved the seizure of 274 kilograms of ephedrine hidden in a shipment of rice from India to Melbourne. This was one of the largest single seizures of ephedrine in Australian law enforcement history. The operation resulted in the arrest of three people.
- **Operation Rathlin**, a multi-agency counter-terrorism investigation comprising representatives from the AFP, the NSW Police Force, the NSW Crime Commission and the Australian Security Intelligence Organisation, which focused on the activities of a network alleged to be facilitating the travel of persons to Syria to engage in military activities. Two people were subsequently arrested and charged with foreign incursion offences that carry a maximum of 10 years' imprisonment.
- **Operation Ultramarine**, a joint AFP and ACBPS operation, which found 183 kilograms of methamphetamine concealed in sea kayaks from China. The operation resulted in the arrest of five people.
- **Operation Crowea**, an investigation into a people-smuggling syndicate responsible for a vessel that capsized on 21 June 2012, resulting in the loss of approximately 100 lives. Two crew members were charged in September 2012 for their involvement in the venture with a combination of seven aggravated charges under the *Migration Act 1958*. They were convicted in June 2014, and the captain was sentenced to nine years' imprisonment and the crew member to six years.

The AFP continued to work closely with international partners to combat transnational criminal activity and directly target the facilitators of serious criminality. Drawing upon the AFP's representation in 28 countries via the AFP International Network, the AFP's support included the following initiatives:

- In **China**, the AFP's Guangzhou post collaborated with Chinese law enforcement agencies in combating the illegal drug trade around the notorious 'golden triangle'. AFP engagement led to the targeting of a number of crossing points between the border of the Chinese Yunnan province and Myanmar by Chinese law enforcement. This has resulted in significant seizures of illicit drugs—98 kilograms of drugs have been seized since 1 January 2014 at one crossing point alone. This collaboration is a significant milestone in the partnership between the AFP and Chinese law enforcement agencies.

- In **Thailand**, the AFP's International Network and Serious and Organised Crime function supported a complex international operation with several Thai law enforcement agencies that resulted in the confiscation of 140 kilograms of heroin packaged in seafood (with a potential street value of up to \$95 million) and the arrest of two people (Operation Ecrue).
- In **Vanuatu**, the AFP supported a multi-agency law enforcement operation across the South Pacific that resulted in the seizure by Vanuatu Police of approximately 691 kilograms of cocaine worth an estimated \$370 million hidden in the keel and lower engine compartments of a yacht in Vanuatu (Project Cringle).



AFP Commissioner Tony Negus APM, Netherlands Minister of Security and Justice Ivo Opstelten, and National Police of the Netherlands Commissioner Gerard Bouman sign the new memorandum of understanding in combating transnational crime and developing police cooperation

The AFP continued its support for the rule of law and development objectives throughout the region. Notable achievements included the following:

- **Solomon Islands**—October 2013 marked the 10th anniversary of the Regional Assistance Mission to Solomon Islands, with the AFP continuing to lead Participating Police Force (PPF) support for the development of the Royal Solomon Islands Police Force (RSIPF) in line with the PPF Drawdown Strategy 2013–17. The Pacific, however, remains a vulnerable and challenging environment, most recently demonstrated by the natural disaster that struck Guadalcanal Province in March and April 2014. The PPF provided support to the RSIPF-led response to the widespread flash-flooding that left 22 people dead and 52,000 displaced and resulted in widespread destruction of infrastructure.

- **Afghanistan**—January 2014 marked the completion of the six-and-a-half-year AFP commitment to support the Afghan National Police. During this time a total of 136 AFP members supported the efforts of the Afghan National Police and coalition forces across Tarin Kot, Kandahar and Kabul. Despite the challenging operating environment all members returned home safely.
- **South Sudan**—The AFP’s deployment of members to the United Nations Mission in South Sudan concluded in January 2014 after a seven-year commitment across Sudan and South Sudan.
- **Cyprus**—In May 2014, the AFP commemorated the 50th anniversary of police peacekeeping operations in Cyprus. More than 1,300 members from state and territory policing agencies and the AFP have been seconded to the United Nations Peacekeeping Force in Cyprus since 1964.

The AFP also continued to support the operations of government. In 2013–14, the AFP supported 25 international visits by Australian high office holders and provided assistance to major events such as Anzac Day ceremonies in Turkey and France and the visit of the Duke and Duchess of Cambridge.



Cyprus anniversary celebrations—Coordinator Domestic and Rest of World Operations Shane Austin prepares to join the police peacekeeping march

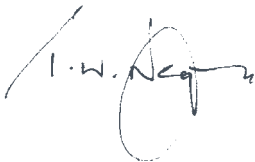
Future outlook

The AFP will continue to be action-oriented and innovative in responding flexibly to the needs of government and the ever-changing criminal environment. As outlined in the Ministerial Direction, the AFP will build on the success of collaborative taskforce arrangements. It will support state and territory law enforcement by providing leadership and access to AFP intelligence and operational resources. The AFP will also seek to maintain a technological edge over criminals in order to counter the threat of cybercrime.

The next financial year is forecast to be operationally demanding, with major events scheduled, such as the G20 Summit in Brisbane in November, the 2015 Cricket World Cup in Australia and New Zealand, and the 2015 Asian Football Confederation Asian Cup in January in Brisbane, Newcastle, Sydney, Canberra and Melbourne. Supporting these events concurrently with the ongoing priorities of countering terrorism, combating serious organised crime and ensuring the delivery of protection and international police assistance will represent a significant organisational challenge.

I am confident that the AFP will meet these challenges. Ongoing work on reforming the organisational performance framework, refinement of the Case Categorisation and Prioritisation Model and the introduction of the AFP Strategic Capability Plan will ensure that increasingly limited financial and human resources are applied to agreed organisational priorities. Further, ongoing work aimed at reinvigorating investigative capability, delivery of the new case management system and construction of the new forensic facility will ensure that investigations draw upon and are supported by technological innovations.

As I depart the AFP after 32 years of service I do so in the knowledge that the organisation is in a strong position to meet the future challenges facing law enforcement.



TW Negus APM
Commissioner

AFP achievements 2013–14



COMMUNITY ENGAGEMENT



23 community events organised by the Counter Terrorism function to strengthen multicultural ties

4 Community Liaison Teams in Sydney, Perth, Melbourne and Brisbane

546 cybercrime prevention presentations to more than **44,000** participants



73,145 AFP Facebook 'likes'

16,000 downloads of Australian Police Child ID app since 2012



2,142 media inquiries dealt with

INTERNATIONAL COLLABORATION



99 International Network staff in **28** countries

13 International Deployment Group capacity development missions across **13** countries

Celebrated **50th** anniversary of police peacekeeping operations in Cyprus and **10th** anniversary of the Regional Assistance Mission to Solomon Islands

73,733 Interpol/Europol operational requests dealt with

Deployed support to FIFA World Cup and Sochi 2014 Olympic and Paralympic Games



3,645 law and justice officials from **20** nations trained by the International Deployment Group

2,178 police trained at the Jakarta Centre for Law Enforcement Cooperation

GOVERNANCE AND ACCOUNTABILITY



All key performance indicators met for third consecutive year

92% stakeholder satisfaction

Highest ranked Australian public sector employer in advocating for gay, lesbian, bisexual, transgender and intersex employees



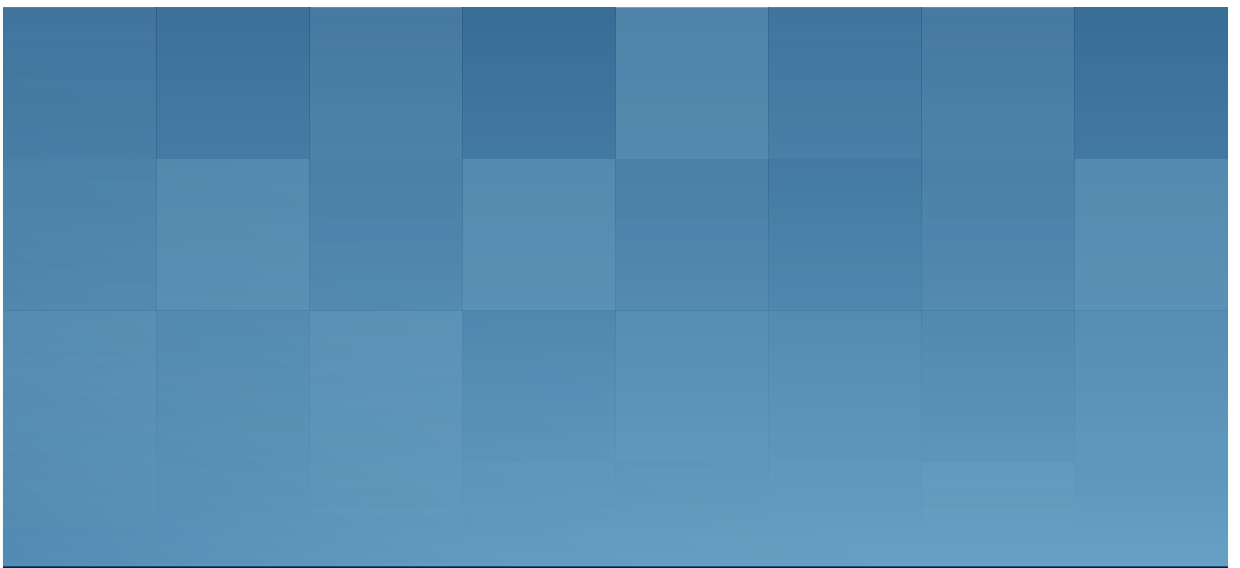
Contributed to **7** government bills

No significant ANAO financial statement findings

Integrity assured through **5,144** staff drug tests

20 strategic capabilities identified and plans developed

Managed financial resources to within **1%** of available budget



2 OVERVIEW OF THE AUSTRALIAN FEDERAL POLICE



Role and functions

The AFP is the Australian Government's primary law enforcement agency. Its role is to enforce Commonwealth criminal law, to contribute to combating organised crime and to protect Commonwealth interests from criminal activity in Australia and overseas as a key member of the national security community. The AFP leads and contributes to many whole-of-government national security initiatives.

Section 8 of the *Australian Federal Police Act 1979* outlines the functions of the AFP, which are:

- the provision of police services in relation to the laws of the Commonwealth and the property of the Commonwealth (including Commonwealth places) and the safeguarding of Commonwealth interests
- the provision of police services in relation to the Australian Capital Territory, the Jervis Bay Territory and Australia's external territories (Christmas Island, Cocos (Keeling) Islands and Norfolk Island)
- the provision of protective and custodial functions as directed by the Minister
- the provision of police services and police support services to assist or cooperate with an Australian or foreign law enforcement agency, intelligence or security agency, or government regulatory agency
- the provision of police services and police support services to establishing, developing and monitoring peace, stability and security in foreign countries.

Strategic priorities

The AFP's strategic priorities are determined in accordance with section 8 of the *Australian Federal Police Act 1979* and the Ministerial Direction issued on 12 May 2014 under section 37(2) of the Act. The Ministerial Direction notes that the AFP is the Australian Government's primary law enforcement agency and identifies a number of key strategic priorities:

- countering the threat of terrorism and violent extremism to the safety and security of Australians and Australian interests, inside and outside Australia
- preventing, deterring, disrupting and investigating serious and organised criminal activities impacting on the interests of the Australian community, including through collaborating with state and territory law enforcement to ensure that they have access to Commonwealth intelligence and operational resources
- maintaining focus on investigating Commonwealth offences, particularly those relating to firearms and foreign bribery
- leading the Commonwealth's efforts to disrupt organised criminal groups by restraining and seizing their assets and unexplained wealth
- contributing effectively to Australia's border management and security, particularly by protecting Australia from people smuggling through prevention, deterrence and disruption
- 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
- countering the threat of cybercrime, including through achieving and maintaining a technological edge over criminals
- leading and managing the law enforcement and crime prevention aspects of aviation security
- ensuring that specific individuals, establishments and events, identified by the Australian Government as being at risk, are protected
- where possible, identifying emerging criminal threats to the national interest and, for issues in which the AFP has operational expertise, advising on appropriate approaches to counter such threats
- providing leadership to, and working with, other agencies to actively protect Commonwealth revenue
- taking a leadership role and collaborating with state and territory law enforcement to deliver national law enforcement initiatives to disrupt the operation of criminal gangs, reduce the proliferation of child exploitation material and reduce the harm caused by illicit drugs
- coordinating effectively with the Attorney-General's Department to provide a joined-up portfolio approach on law and justice aid issues
- contributing effectively to whole-of-government efforts to prevent Australia from being a safe haven for proceeds of crime, including from corruption, or used for money laundering purposes
- actively contributing to broader government programs or initiatives to ensure that they are informed by the AFP's operational experience.

The Ministerial Direction is operationalised through the AFP's Statement of Intent, which comprises the AFP Strategic Plan 2012–2015, AFP business plans and strategic risk assessments. During the reporting period, the AFP focused on:

- establishing and commencing operation of the National Anti-Gangs Taskforce. The taskforce will enhance Commonwealth investigative, intelligence and technical capabilities; deliver enhanced national and international intelligence-led policing; and inform the development of prevention and disruption activities at jurisdictional and Commonwealth levels
- supporting the whole-of-government United Nations Security Council effort by providing policing expertise, advice and capacity development
- delivering official development assistance programs in the Pacific, Timor-Leste, Afghanistan and the Republic of South Sudan
- maintaining strong liaison and operational links with international partners to disrupt serious criminal and national security threats
- contributing to the whole-of-government approach to combating fraud and corruption.



Building community relationships—Participating Police Force member Brendan Smith and Auki Provincial Police Commander Alfred Uiga (Royal Solomon Islands Police Force) visit Lilisiana village in Solomon Islands

Reporting structure

The AFP simplified its program structure as part of the redevelopment of the Australian Government's Central Budget Management System.

Three programs under Outcome 1 (1.1: National Security—Policing, 1.3: Operations—Policing and 1.4: Close Operational Support) were consolidated into a single program (1.1: Federal Policing and National Security). Program 1.2 was renamed with the more appropriate title of International Police Assistance. Simplified reporting enables the AFP to meet whole-of-government reporting requirements while maximising flexibility in the use of resources. There was no change to the AFP's functions or activities as a result of the program restructure.

OUTCOME 1

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

Program 1.1: Federal Policing and National Security

Program 1.1 focuses on reducing criminal and security threats to Australia's collective economic and societal interests by 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 Commonwealth, state and territory, and international partners.

The program incorporates the following functions:

- Counter Terrorism, Aviation and Protection, which focus on preventing security threats
- the Crime Program, which includes a range of joint taskforces with Commonwealth, state, territory and private sector partners (including the Criminal Assets Confiscation Taskforce and the National Anti-Gangs Squad)
- High Tech Crime Operations, which investigates specific offences and provides other areas of the AFP with technical and physical operations support across all crime types
- operational support areas such as forensics, intelligence, legal, litigation, security, operations coordination, communications, and technical and physical operations support.

Program 1.2: International Police Assistance

Program 1.2 contributes to reducing criminal and national security threats to Australia's collective economic and societal interests by delivering collaborative law and order capacity development missions, participating in internationally mandated peace operations, and providing civil policing assistance in accordance with Australian foreign policy priorities.

OUTCOME 2

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

Program 2.1: ACT Community Policing

The program's primary aim is the provision of a community policing capacity to the ACT Government, including the four key outputs of crime and safety management, road safety, prosecution and judicial support, and crime prevention.

Strategic Leaders' Group

The Strategic Leaders' Group is the peak advisory committee of the AFP and assists the Commissioner in making decisions and exercising his statutory responsibilities and delegations.

The group's purpose is to shape and drive the AFP's strategic priorities consistent with the Ministerial Direction and organisational requirements. It discusses and provides advice on significant strategic matters facing the organisation, enabling a streamlined approach in which to manage the business of the AFP across its many diverse functions.

The executive (internal) members of the Strategic Leaders' Group are the Commissioner (chair), the Deputy Commissioners, the Chief Operating Officer, the Chief Police Officer and all National Managers. It also has two non-executive (external) members whose role is to provide an independent perspective on and insight into the group's deliberations.

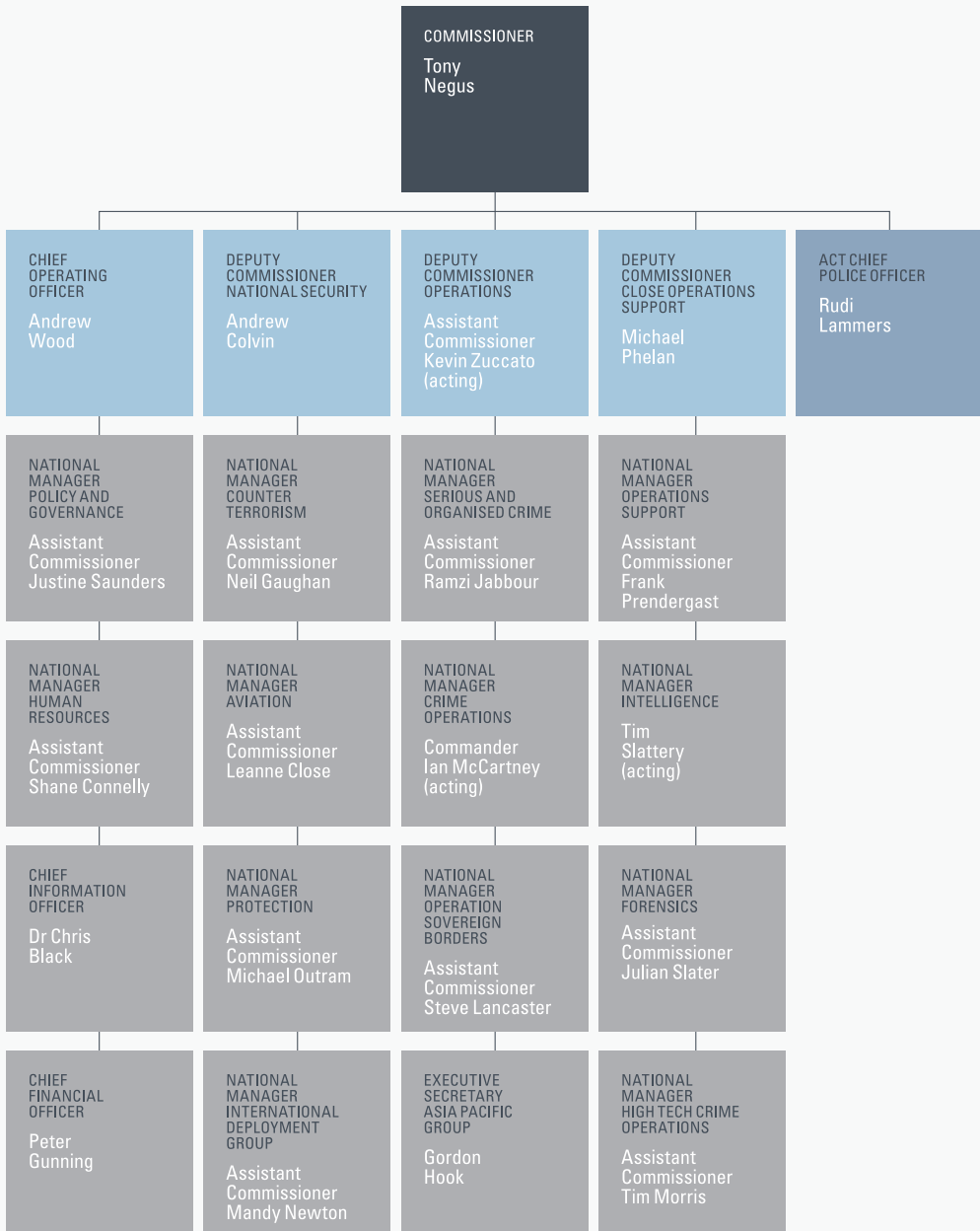
During 2013–14, the Strategic Leaders' Group considered many issues, including:

- the strategic implications of an increasingly constrained fiscal environment, and future challenges and opportunities for the AFP
- the strategic and operational environment and the consequent implications for the AFP's operational activity, technical and capability development, and international presence
- the evolving national security environment, strategic alliances, and approaches to maintaining a focus on coordination and partnerships
- the establishment of the Investigations Standards and Practices Group
- operational and workforce performance, and the AFP's continued success against its key performance indicators
- the response to government priorities, and promotion of organisational flexibility and innovation to deal with the ever-changing criminal environment
- the reaffirmation of the AFP Strategic Plan 2012–2015
- the implementation of the AFP's Strategic Capability Plan and development of a new strategic plan for information and communications technology
- developments in proceeds of crime, law reform, cybercrime, offshore fighters, technology and innovation.

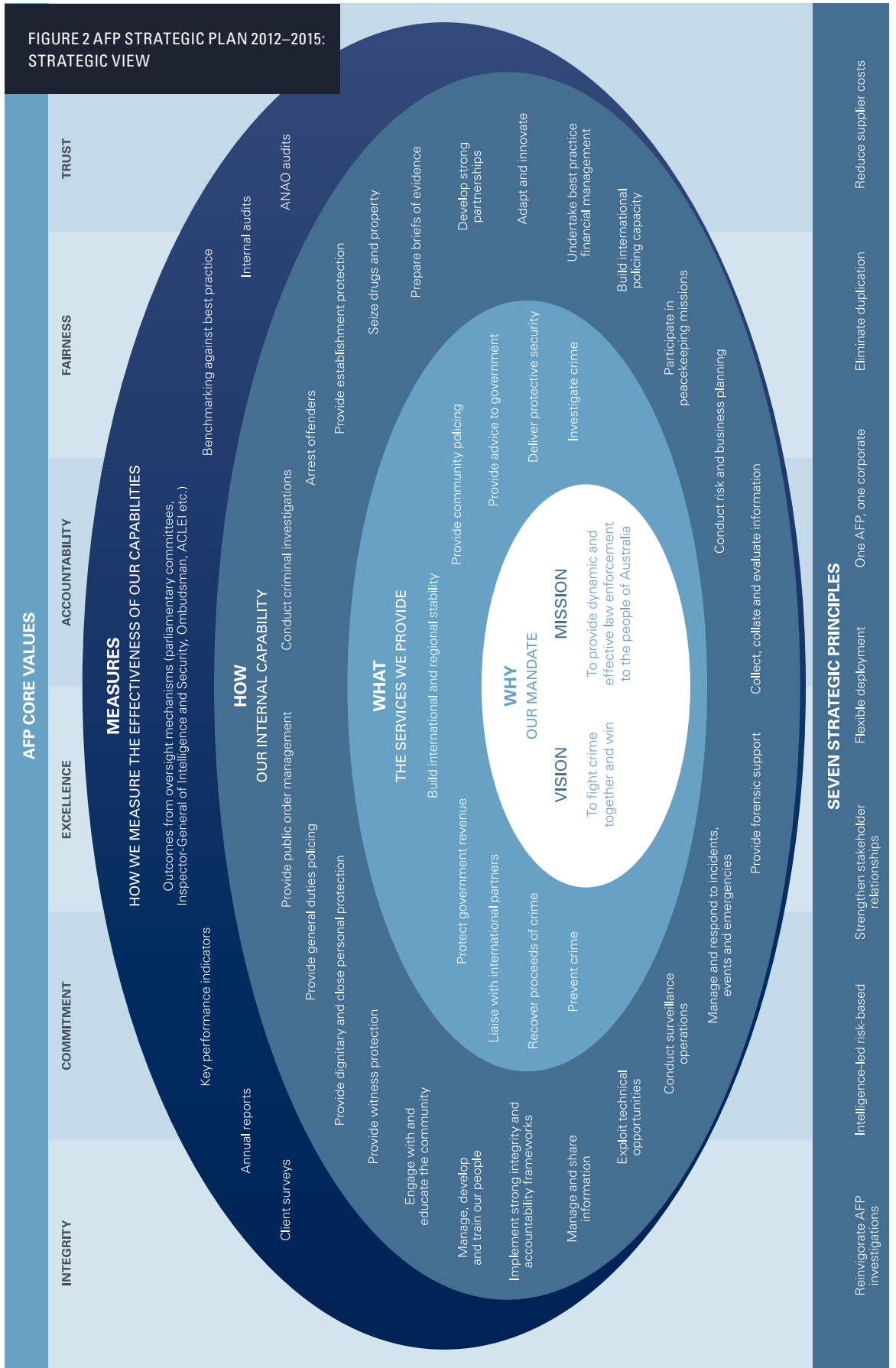
In 2014–15, the group will remain focused on maintaining the AFP's strong organisational and financial performance and its readiness to respond to emerging challenges and opportunities in the evolving federal law enforcement environment.

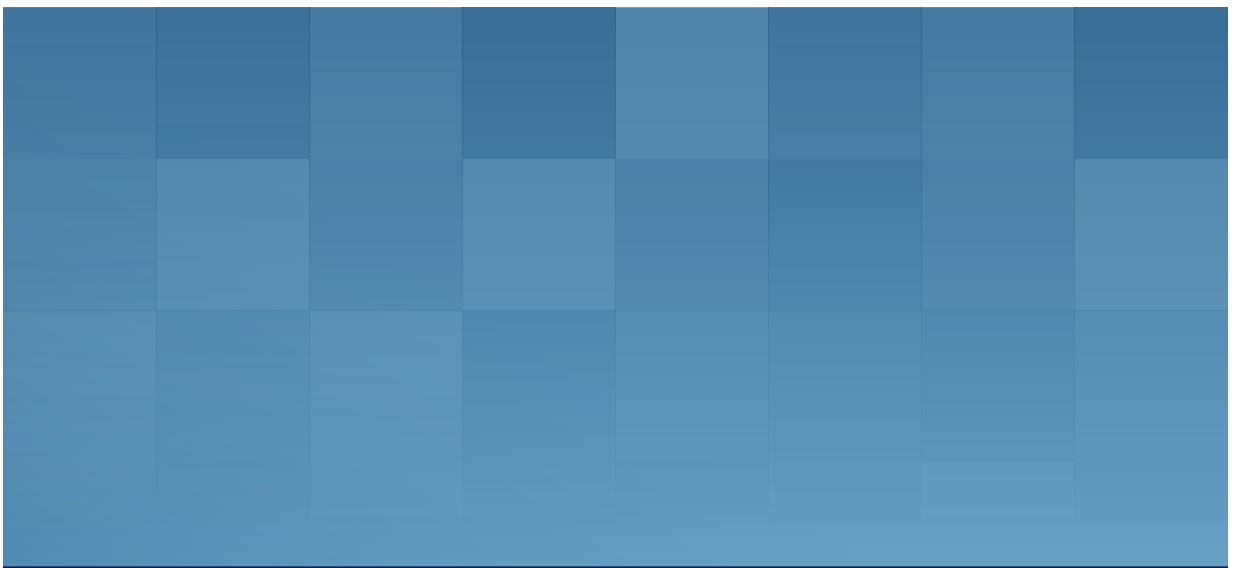
Organisational structure

FIGURE 1 ORGANISATIONAL STRUCTURE AT 30 JUNE 2014



**FIGURE 2 AFP STRATEGIC PLAN 2012–2015:
STRATEGIC VIEW**





3 PERFORMANCE OVERVIEW



Outcome 1

Reduced criminal and security threats to Australia’s collective economic and societal interests through co-operative policing services.

This section summarises the AFP’s performance under the two programs in Outcome 1:

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

The new two-program structure reflects the outcome of a review of the AFP’s organisational performance framework, which was foreshadowed in the 2012–13 annual report, and the redevelopment of the Australian Government’s Central Budget Management System. The revised structure and mapping were published in the AFP’s 2013–14 Portfolio Additional Estimates Statements.

As a component of the program restructure, performance indicators were updated by aggregating the former program-level satisfaction and conviction rate indicators to reduce duplication. Targets for the aggregate measures were lifted to 85 per cent for stakeholder satisfaction and maintained at 90 per cent for conviction rates.

All key performance indicators (KPIs) and targets are consistent with those set out in the 2013–14 Portfolio Budget Statements and Portfolio Additional Estimates Statements. Further details of achievement against deliverables are in chapters 4 and 5.

The AFP will continue to ensure that the organisational performance framework underpins contemporary and emerging priorities. Future work will focus on incorporating the organisation’s prevention and disruption activities into the framework, and monitoring organisational health to ensure sustainability of outcomes.

PERFORMANCE SUMMARY

The AFP met or exceeded its targets for each of the 29 KPIs under Outcome 1 (Tables 1 and 2). This has further extended the record of strong results across all programs since comprehensive reporting of KPIs against targets was introduced in 2009–10.

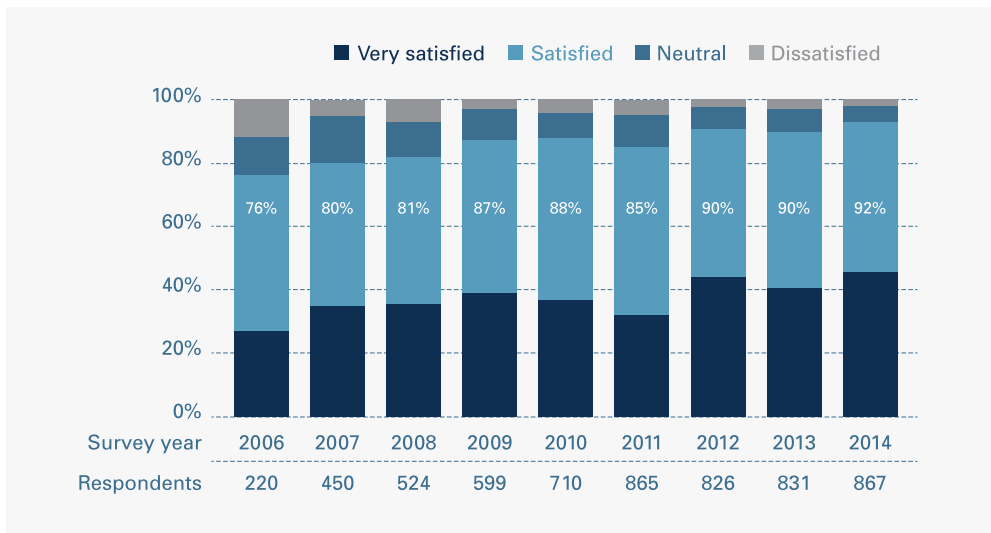
The AFP has now met all of its KPI targets for three successive financial years, and performance has improved for 12 indicators (1, 2, 3, 5, 7, 13, 14, 15, 16, 23, 24 and 27). This is despite an increasingly tight fiscal environment and the targets being raised for seven indicators (1, 13, 15, 16, 21, 22 and 24) during 2013–14.

Program 1.1: Federal Policing and National Security

The program's primary focus is to reduce criminal and security threats to Australia's collective economic and societal interests by 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 Commonwealth, state and territory, and international partners.

The level of cooperation with partners continues to be measured by feedback from stakeholders gathered through the annual AFP Business Satisfaction Survey. Overall stakeholder satisfaction with the AFP reached 92 per cent in 2014 (Figure 3). This is the highest figure recorded and includes a shift of 5 per cent from satisfied to very satisfied. A total of 867 clients (53 per cent response rate) completed the 2014 survey, compared to 831 (44 per cent) in 2013. Satisfaction levels were consistently high across all stakeholder groups, with the largest increase in satisfaction among domestic law enforcement partners (an increase from 83 per cent in 2013 to 92 per cent in 2014). Program 1.1 achieved a 93 per cent satisfaction rate in 2013–14, the highest result since 2009–10 (see Table 1, KPI 1).

FIGURE 3 STAKEHOLDER SATISFACTION WITH THE AFP, 2006 TO 2014



Successful operational outcomes are shown in the high enterprise-wide conviction rates (Figure 4). Ninety-five per cent of cases closed in 2013–14 resulted in convictions after reaching court. This is an increase of two percentage points on the previous year. Specific examples of operations and the full disruptive impact of the AFP interventions are provided in Chapter 4.

FIGURE 4 CONVICTION RATES FOR ALL AFP CASES REACHING COURT AND FINALISED, 2008–09 TO 2013–14



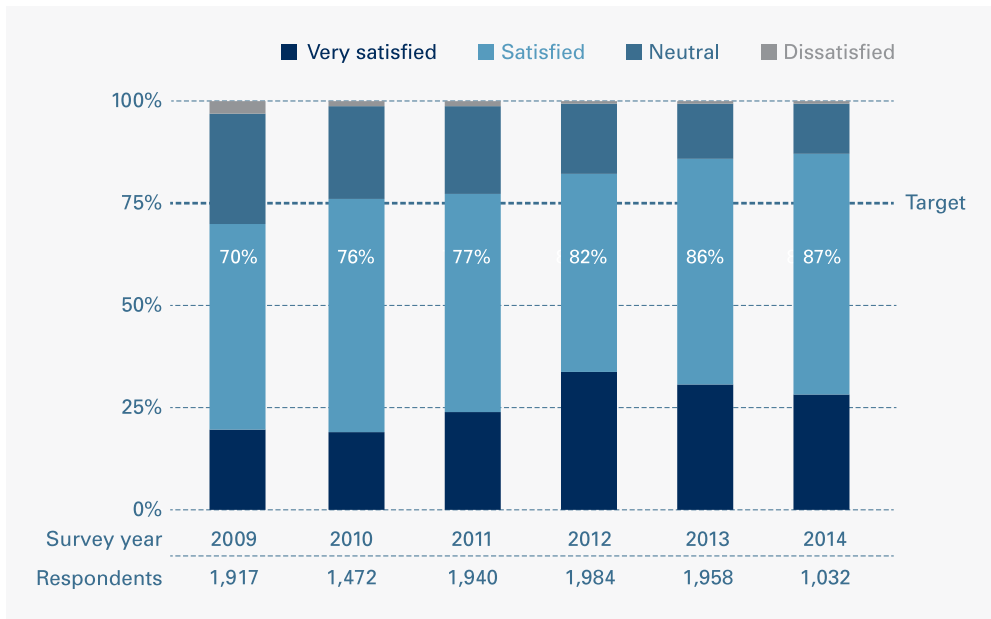
Note: 'Conviction' denotes cases with at least one defendant convicted or where the case is proven without conviction.

Other measures with an emphasis on prevention, disruption and investigation are captured at the functional level. KPI results against targets are provided in Table 1 and are grouped according to the three components of Program 1.1 (National Security—Policing, Operations—Policing, and Close Operational Support). Some of the key results are summarised below.

The National Security—Policing functions exceeded all performance targets:

- The results of the previous year were matched for the percentage of counter-terrorism investigations resulting in a prosecution, disruption or intelligence referral outcome (KPI 6), at 100 per cent.
- The level of community confidence in the AFP’s contribution to law enforcement and security at major Australian airports (KPI 7) continued to increase, reaching 87 per cent (see Figure 5).
- Protection services maintained a positive result, with a continued focus on preventative activities across Uniform Protection (KPI 10) and Close Personal Protection (KPI 11).

FIGURE 5 COMMUNITY SATISFACTION WITH AVIATION LAW ENFORCEMENT AND SECURITY, 2009 TO 2014



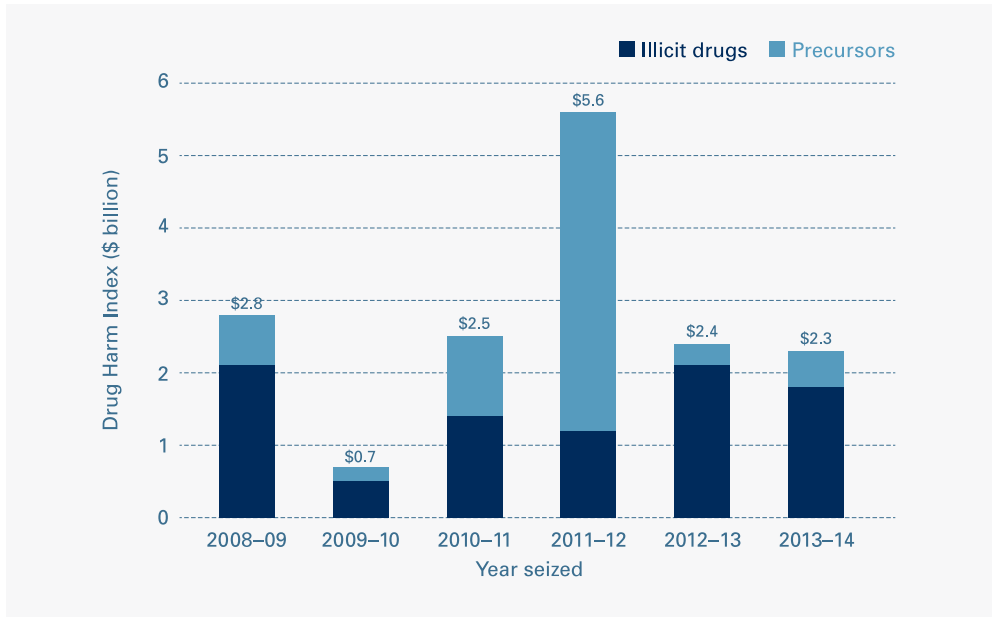
Operations—Policing continued to benefit from a collaborative and inclusive approach to targeting criminal activity:

- The continued adherence to strategies in the Organised Crime Strategic Framework resulted in an increase to 75 per cent in the level of serious and organised crime investigations conducted jointly (KPI 13).
- The success of both drug and fraud investigations was reflected in a strong return on investment (KPI 14). This highlights that the social benefits derived from disrupting crime (through finalised drug and economic investigations) outweigh the costs of investigations, legal processes and detention. KPI 14 is based on the Drug Harm Index and the Estimated Financial Return. The Drug Harm Index is the estimate of the potential harm that would have ensued if drugs seized at the border had reached the community (Figure 6). In 2013–14 it reached \$2.3 billion based on almost 8 tonnes of seizures. The Estimated Financial Return from financial investigations was \$444 million.
- Thirty-five per cent of Crime Program investigations targeted the criminal economy (KPI 15), through either primary or secondary financial investigations. This contributed to \$134.0 million of criminal assets being restrained (KPI 16) by the Criminal Assets Confiscation Taskforce, well above the target of \$43.2 million (which is based on the average of the previous five years). Figure 7 shows the strong increase in restraint since the Criminal Assets Confiscation Taskforce was formed in 2011–12. Further details are provided in Chapter 4.

Forensics enabled the AFP to meet or exceed the service-level targets for quality (KPI 17), timeliness (KPI 18) and throughput (KPI 19).

High Tech Crime Operations exceeded its investigation targets for case prioritisation of high-impact cases (KPI 20) and case throughput (KPI 21). It also exceeded the targets for increasing technology crime awareness of internal staff (KPI 22) and the school community (KPI 23).

FIGURE 6 AFP DRUG HARM INDEX, 2008–09 TO 2013–14



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

FIGURE 7 CRIMINAL ASSETS RESTRAINED, 2008–09 TO 2013–14



TABLE 1 PROGRAM 1.1: FEDERAL POLICING AND NATIONAL SECURITY—PERFORMANCE IN RELATION TO KPIS

Key performance indicator	2010–11	2011–12	2012–13	2013–14	Target 2013–14	Met
PROGRAM LEVEL						
1. Level of external client/stakeholder satisfaction (percentage of clients satisfied or very satisfied) ¹	85%	92%	91%	93%	85%	Yes
2. Percentage of cases before court that result in conviction ²	99%	95%	93%	95%	90%	Yes
NATIONAL SECURITY—POLICING						
COUNTER TERRORISM						
3. Percentage of time spent on high to very high impact cases	96%	98%	96%	99%	95%	Yes
4. Percentage of counter-terrorism activities that are preventative (not responsive)	100%	100%	100%	100%	100%	Yes
5. Percentage of time spent on operational activity (versus capacity development activity)	82%/18%	85%/15%	82%/18%	96%/4%	≥75%/ <25%	Yes
6. Percentage of counter-terrorism investigations that result in a prosecution, disruption or intelligence referral outcome	100%	100%	100%	100%	90%	Yes
AVIATION						
7. 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) ³	77%	82%	86%	87%	75%	Yes
8. Proportion of resources used to undertake proactive and intelligence-led counter-terrorism, crime management, public order and first response operations	93%	95%	90%	90%	70%	Yes

Key performance indicator	2010–11	2011–12	2012–13	2013–14	Target 2013–14	Met
9. Response to aviation law enforcement and/or security incidents within priority response times						
Priority 1: within 5 minutes	83%	82%	85%	82%	75%	Yes
Priority 1: within 10 minutes	97%	97%	97%	94%	90%	Yes
Priority 2: within 15 minutes	92%	94%	92%	91%	75%	Yes
Priority 2: within 20 minutes	96%	97%	95%	94%	90%	Yes
Priority 3: within 90 minutes	99%	100%	99%	99%	75%	Yes
Priority 3: within 120 minutes	99%	100%	100%	99%	90%	Yes
Priority 4: within 24 hours	100%	100%	100%	100%	90%	Yes
PROTECTION						
10. Percentage of time dedicated to preventative versus response activities (Uniform Protection) ⁴	na	99%/1%	99%/1%	99%/1%	≥80%/<20%	Yes
11. Percentage of time dedicated to preventative versus response activities (Close Personal Protection) ⁵	na	21%/79%	32%/68%	16%/84%	<40%/≥60%	Yes
12. Number of avoidable incidents per 5,000 hours ⁶	na	0.03	0.00	0.02	<4	Yes
OPERATIONS—POLICING						
CRIME PROGRAM						
13. Percentage of serious and organised crime operations conducted under joint agency investigations ⁷	51%	58%	60%	75%	65%	Yes
14. Return on investment for investigation of transnational crime ⁸	13	8	7	9	>1	Yes
15. Percentage of cases targeting the criminal economy ⁹	18%	31%	32%	35%	30%	Yes
16. Assets restrained ¹⁰	\$21.4m	\$90.9m	\$62.5m	\$134.0m	Increase	Yes
CLOSE OPERATIONAL SUPPORT						
FORENSICS						
17. National Association of Testing Authorities Accreditation (ISO 17025) in all relevant forensic disciplines	Current	Current	Current	Current	Maintained	Yes

Key performance indicator	2010–11	2011–12	2012–13	2013–14	Target	Met
					2013–14	
18. Provision of timely technical intelligence to the AFP and partner agencies (percentage of responses within five business days)	91%	95%	98%	94%	90%	Yes
19. Number of forensic service requests completed ¹¹	Above lower limit	Inside limits	Above lower limit	Inside limits	Within 95% limits	Yes
HIGH TECH CRIME OPERATIONS						
20. Investigations: percentage of time spent on high to very high impact cases	95%	86%	86%	86%	80%	Yes
21. Investigations: number of high to very high impact cases reaching court ¹²	73	109	101	96	90	Yes
22. Percentage of AFP personnel having completed technology-related (Tier 1) training ¹³	64%	80%	92%	83%	80%	Yes
23. Increased or reinforced cyber safety and security awareness (percentage of surveyed sample indicating increased awareness or reinforced awareness after delivery of presentations)	82%	86%	88%	90%	85%	Yes

na = not applicable

- KPI 1 is based on the AFP Business Satisfaction Survey. This indicator replaces three separate satisfaction indicators under the three aggregated programs. The target is the higher value of the three previously separate targets.
- KPI 2 is an enterprise-level conviction rate for all AFP investigations (replacing previous business area indicators).
- KPI 7 is based on the AFP Airport Consumer Confidence Survey.
- Preventative activities for the Uniform Protection function include active patrolling, monitoring of electronic measures, alarms and closed-circuit television, and access/egress support. Response activities include responses to security incidents.
- Preventative activities for the Close Personal Protection function include close personal protection advances, major event planning and training. Response activities include provision of close personal protection and operational responses to major events.
- Avoidable incidents are defined as incidents that could have been avoided through physical action, intervention or reasonable intelligence that result in death, injury or loss of dignity or embarrassment to those individuals and interests identified by the Australian Government or the AFP as being at risk.
- The KPI 13 target increased from 60% in 2012–13 to 65% in 2013–14.
- The KPI 14 target indicates a positive return on investment (benefit from successful drug and fraud investigations exceeds law and justice costs).
- The KPI 15 target increased from 25% in 2012–13 to 30% in 2013–14.
- The KPI 16 target 'Increase' means an increase in value above the previous five-year average (\$43.2 million).
- The KPI 19 target is based on the previous five years of performance applying control chart methodology to monthly output. A 5% tolerance to the variability in past performance was applied.
- The KPI 21 target increased from 80 in 2012–13 to 90 in 2013–14.
- The KPI 22 target increased from 60% in 2012–13 to 80% in 2013–14.

Program 1.2. International Police Assistance

This program contributes, through the International Deployment Group (IDG), to reducing criminal and national security threats to Australia's collective economic and societal interests by delivering collaborative law and order police development missions, participating in internationally mandated peace operations, and providing civil policing assistance in accordance with Australian foreign policy priorities.

In 2013–14, the IDG again exhibited positive outcomes in international collaboration and cooperation, as evidenced by a high external satisfaction rating (KPI 24) and positive feedback from external territories and missions (KPI 25). The IDG committed 95 per cent of its resources to the Asia–Pacific region (KPI 27), while remaining consistent with the World Bank's rule-of-law indicators (KPI 28). The IDG also exceeded the targets for two new KPIs relating to the training of law and justice officials (KPI 26) and assistance to national security and aid priority countries (KPI 29).

TABLE 2 PROGRAM 1.2: INTERNATIONAL POLICE ASSISTANCE—PERFORMANCE IN RELATION TO KPIS

Key performance indicator					Target	Met
	2010–11	2011–12	2012–13	2013–14	2013–14	
24. Level of external client/stakeholder satisfaction (percentage of clients satisfied or very satisfied) ¹	93%	92%	90%	95%	85%	Yes
25. External territories/mission performance evaluation	na	na	na	Positive feedback ²	Positive feedback	Yes
26. Number of police and other law and justice officials trained ³	na	na	na	3,645	3,500	Yes
27. Percentage of mission resources committed to countries in the Asia–Pacific region	92%	90%	88%	95%	85%	Yes
28. Percentage of mission resources committed to countries with rule-of-law indicators below the international median ⁴	94%	90%	90%	88%	80%	Yes
29. Percentage of mission resources committed to Australian national security and aid priority countries ⁵	na	na	na	89%	85%	Yes

na = not applicable

- KPI 24 is based on the AFP Business Satisfaction Survey. Previous separate indicators for international and Australian stakeholders were aggregated in 2013–14 for consistency with other AFP programs.
- Internal evaluations in 2013–14 of the Afghanistan and Timor-Leste programs were strongly supportive of the worth and positive outcomes of the IDG missions. This was supported by an independent evaluation of the Timor-Leste Police Development Program, which stated: 'The AFP have invested heavily (and in the view of the independent evaluation team, wisely) in the institutional strengthening of the Police Training College and the development and delivery of the formal programs'. Specific feedback in the Business Satisfaction Survey commended the AFP on its 'timely, appropriate advice' and 'willingness to engage'. See Chapter 4 for further mission details.
- Annual targets for KPI 26 are in accordance with the overall target in Australia's Comprehensive Aid Policy Framework to 2015–16.
- The international median is based on annual figures published by the World Bank.
- National security and aid priority countries are Afghanistan, Bangladesh, Burma (Myanmar), Cambodia, Indonesia, Pakistan, Papua New Guinea, Philippines, Solomon Islands, Timor-Leste, Vanuatu and Vietnam as outlined in Australia's Comprehensive Aid Policy Framework to 2015–16.

Outcome 2

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

ACT Policing is the community policing arm of the AFP. Its role is to deliver quality policing services to create a safer and more secure community in the Australian Capital Territory. These services are provided in accordance with the policing arrangement between the Commonwealth and ACT governments, signed on 24 June 2011 for a five-year period. The policing arrangement provides for the establishment of an annual purchase agreement.

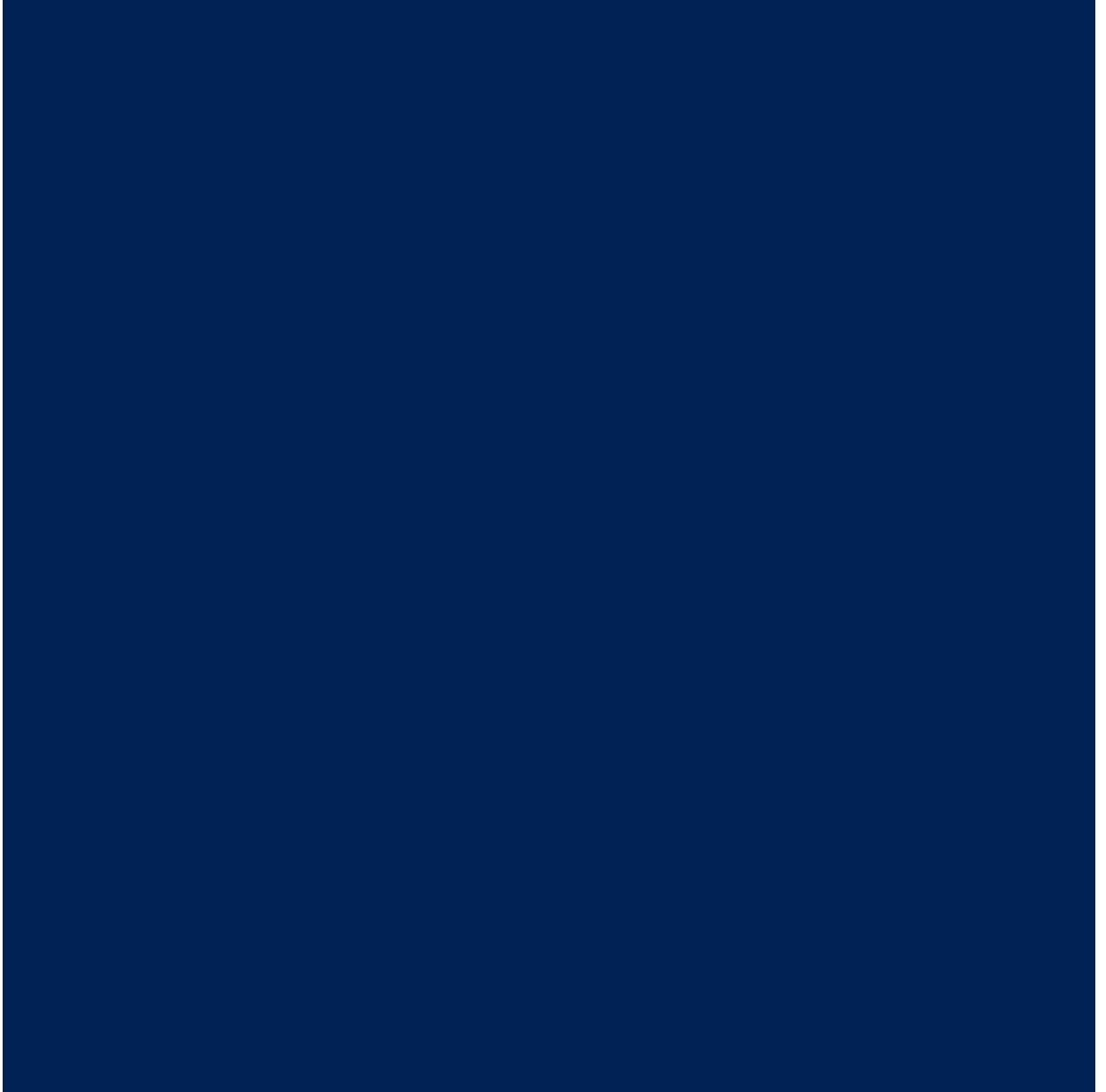
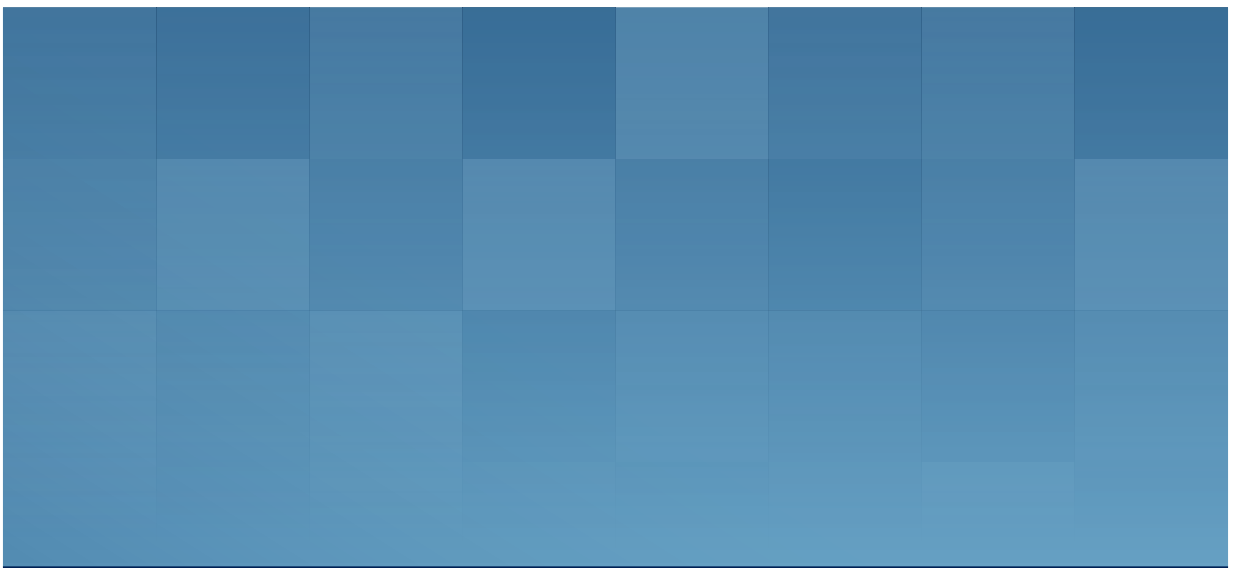
The purchase agreement is between the ACT Minister for Police and Emergency Services, the AFP Commissioner and the Chief Police Officer for the ACT. It specifies the type, level and cost of the services that the ACT Government requires each year from ACT Policing. In addition, the ACT Minister for Police and Emergency Services issues a ministerial direction that outlines the special areas of focus for the year.

In accordance with the purchase agreement, the four main outputs against which ACT Policing's performance is measured are:

- crime and safety management
- traffic law enforcement and road safety
- prosecution and judicial support
- crime prevention.

ACT Policing provides community policing and crime investigation services in partnership with government and non-government agencies and the broader community.

In accordance with the purchase agreement, ACT Policing is required to report annually to the ACT Minister for Police and Emergency Services on the provision of police services. The report must fulfil the requirements outlined in the annual report directions issued by the ACT Government. More information on ACT Policing, including performance against targets, can be found in the ACT Policing annual report available at www.police.act.gov.au or through ACT Policing Media and Marketing on (02) 6264 9460 or act-police-marketing@afp.gov.au.



4 PERFORMANCE REPORT—OPERATIONS



Counter Terrorism

Highlights

- Most of the AFP's counter-terrorism activity during the year focused on addressing the conflict in Syria and Iraq and foreign fighters, working collaboratively with domestic and international partners and contributing to whole-of-government efforts.
- The first Interpol Global Security and Counter-Terrorism Convention, held in Sydney in January 2014, brought together international partners to discuss global security and counter-terrorism matters.
- The Leadership in Counter Terrorism Program continued to develop the capabilities of law enforcement and security partner agencies from Australia and our Strategic Alliance Group partners.

OBJECTIVE

The Counter Terrorism function prevents, disrupts and investigates terrorist activity against Australia and Australian interests, both domestically and internationally.

INTERNATIONAL COLLABORATION

The Counter Terrorism function conducts investigations, in collaboration with the Australian intelligence community and international law enforcement partners, focusing on Australian citizens alleged or known to be involved in terrorist activity offshore.

A critical component of the current counter-terrorism investigative effort is mitigating the threat posed by the increasing number of Australians who travel overseas to participate in training and provide support to terrorist groups, or to fight in conflict zones. These individuals (referred to as foreign fighters) are a significant security concern because they have the potential to return to Australia with extremist views, enhanced skills, and combat experience, and in turn may encourage or plan attacks against Australians and Australian interests.

Foreign fighters

The conflict in Syria and Iraq is increasingly affecting Australia and its citizens. The AFP has experienced a significant rise in operational activity that can be directly attributed to the conflict in these countries. This heightened level of activity is expected to continue as the scope of the problem spreads, and as foreign fighters return to Australia and the region. The AFP, as part of the Australian law enforcement and security community, is refocusing its attention and developing new initiatives to manage the impact foreign fighters may have on our immediate region.

The AFP is aware of Australians who travel to conflict locations to engage in armed conflict. This is despite the sanctions regime imposed by the Australian Government in an effort to limit the extent of the conflicts in Syria, Iraq and beyond.

The Counter Terrorism function ran a number of foreign fighter operations in 2013–14:

- Operation Rathlin—see case study below.
- Operation Kirtling—an investigation that led to several search warrants being carried out in Sydney suburbs during March 2013 in relation to Australians allegedly fighting in Syria with Jabhat al-Nusra. The matter is ongoing.
- Operation Duntulm—an investigation into the activities of a group of people believed to be engaging in, or preparing to engage in, the conflict in Syria and Iraq, in contravention of the *Crimes (Foreign Incursions and Recruitment) Act 1978*. On 1 May 2014, a 29-year-old woman was arrested at Sydney Airport as part of an ongoing investigation. The woman was charged with an offence under section 7(1) of the *Crimes (Foreign Incursions and Recruitment) Act*. The offence carries a maximum penalty of 10 years' imprisonment. The matter is ongoing.

The AFP is working closely with partner agencies, both domestically and internationally, to ensure a high level of collaboration and a coordinated approach in addressing the terrorist threat. This includes supporting other government agencies to align Australian efforts to best address the risks associated with Australians and other people from our region engaging with extremist groups globally.

The Counter Terrorism function has contributed to a variety of key reviews, including reviews by the Syrian Taskforce, the Independent National Security Legislation Monitor and the Council of Australian Governments. These legislative reform proposals aim to address matters and deficiencies in Australia's counter-terrorism laws in order to make them more effective, enable operational agencies to better utilise their full potential, and ensure their adequacy in underpinning investigative capability.

Operation Rathlin

Operation Rathlin was a multi-agency counter-terrorism investigation undertaken by the Sydney Joint Counter Terrorism Team, comprising representatives from the AFP, the NSW Police Force, the NSW Crime Commission and the Australian Security Intelligence Organisation.

The investigation focused on the activities of a network that was alleged to be responsible for facilitating the travel of persons to Syria. The purpose of the travel was to engage in military

activities against the Assad government with the Al Qa'ida-affiliated and proscribed terrorist organisations—the Islamic State of Iraq and Levant, and Jabhat al-Nusra.

On 3 December 2013, two men were arrested. Both have been charged with foreign incursion offences, which carry a maximum of 10 years' imprisonment. The matter is currently before the courts.

Global Security and Counter-Terrorism Convention

The first Global Security and Counter-Terrorism Convention was held in Sydney on 28–30 January 2014, with 200 delegates from 60 countries participating.

Coordinated by Interpol and supported by the AFP, the event brought together police commissioners, ambassadors, dignitaries and international counter-terrorism law enforcement officers from around the world to examine evolving trends in terrorism and other transnational crime, to share experiences and to collaborate to prevent terrorist attacks and secure borders.

The convention provided a unique opportunity for participants to network and to discuss ways to enhance the exchange of information—an essential tool in combating all forms of crime, particularly terrorism. It was also an opportunity for the international law enforcement community to discuss measures to improve future cooperation on cross-border initiatives.



More than 200 delegates gathered in Sydney for the inaugural Interpol Global Security and Counter-Terrorism Convention in January 2014

Counter Terrorism Leaders Forum

The 2013 Counter Terrorism Leaders Forum was held on 19–21 November in Kuta, Bali. The event was co-hosted by the Indonesian National Police and the AFP. The forum is an important annual event that facilitates AFP engagement with senior regional partners from the Philippine National Police, the Royal Thai Police and the Royal Malaysia Police. The focus of the 2013 forum was the role of cyber technology in terrorism.

Counter Terrorism Leaders Working Group

In June 2014, the Philippine National Police and the AFP jointly hosted the Counter Terrorism Leaders Working Group in Cebu, Philippines. The purpose of the meeting was to make progress on implementing the recommendations of the Counter Terrorism Leaders Forum. It also provided an opportunity for members to share intelligence on operational matters of mutual concern. This was the third annual meeting since the working group was established in 2012.

Australia – New Zealand Counter-Terrorism Committee

The Australia – New Zealand Counter-Terrorism Committee contributes to the security of the Australian community through a nationwide cooperative framework to counter current and future terrorist threats.

During 2013–14, the AFP continued to contribute to the strategic direction of several subcommittees to ensure initiatives adequately address changes in the national security environment.

NATIONAL COOPERATION

The AFP works with other government agencies and the community to address the increasing risk of home-grown terrorists, self-radicalised individuals, returned foreign fighters, and those potentially radicalised by returnees from overseas conflicts.

Joint Counter Terrorism Teams

The AFP enjoys strong cooperative and consultative relationships with its Commonwealth, state and territory partners through the Joint Counter Terrorism Team in each jurisdiction.

The teams are a partnership arrangement, comprising members from the AFP, state and territory police, and the Australian Security Intelligence Organisation. Their aim is to work closely with other domestic agencies, the broader intelligence community and international partners to identify and investigate terrorist activities in Australia—including terrorist financing—with an emphasis on preventative operations.

With the current focus on foreign fighters, a majority of the teams' resources have been dedicated to supporting ongoing foreign fighter investigations.

Terrorism Financing Investigations Unit

The Terrorism Financing Investigations Unit's role is to specifically target the financing of terrorism and terrorist organisations, both domestically and offshore. The unit is composed of highly skilled investigators and financial analysts from the AFP and several partner agencies, including the NSW Police Force, the Australian Security Intelligence Organisation, and the Australian Transaction Reports and Analysis Centre. It has also established close relationships with domestic and international law enforcement partners that have responsibility for terrorist-financing investigations.

Community engagement

In 2013–14, the AFP's Community Liaison Teams were involved in numerous engagement activities in partnership with key community groups and other law enforcement and government agencies. The AFP and other government representatives regularly met with the community and community leaders.

These activities strengthen ties between the AFP and the community. Active engagement allows the AFP to more fully address any potential tensions arising from overt police activity, builds trust between the police and community members, and assists in developing and building the social cohesion and resilience of communities affected by police operations.

ENHANCING CAPACITY AND CAPABILITY

The AFP is committed to enhancing the counter-terrorism capabilities of its domestic and international law enforcement counterparts.

Leadership in Counter Terrorism Program

The Leadership in Counter Terrorism Program continued to establish itself as the foremost counter-terrorism leadership program for senior executive professionals from international law enforcement and security agencies. The program started in 2004, and is now delivered on a global platform through a partnership among the AFP, the Australian Institute of Police Management, the US Federal Bureau of Investigation, the Scottish Police College, the Police Service of Northern Ireland and the Royal Canadian Mounted Police.

The program addresses the key themes of leadership, counter-terrorism and intelligence. Presentations and discussions throughout the program are designed to assist participants to develop their capacity to operate effectively in global counter-terrorism initiatives. The program aims to build leadership capability to address the strategic challenges confronting senior law enforcement and intelligence practitioners in preventing and responding to the threat of terrorism.

Aviation

Highlights

- The AFP Aviation function conducted major investigations involving international and inter-agency cooperation that resulted in successful prosecutions of transnational and organised crime syndicates.
- An independent performance audit by the Australian National Audit Office titled *Policing at Australian international airports* identified many positive outcomes for the Aviation function. The objective of the audit was to assess the AFP's management of policing services at Australian international airports following the transition to the 'All In' model, which was a recommendation of the Beale review conducted in 2009. The new model replaced the state–Commonwealth hybrid model and enables airport policing services to be performed entirely by AFP sworn police.
- Under Program Jupiter, two new AFP Aviation Operations Centres were completed at Melbourne and Perth airports, and two AFP Canine Operations Centres were completed (one at Cairns Airport and one at Adelaide Airport).

OBJECTIVE

The AFP Aviation function prevents and responds to crime at Australia's major airports (Adelaide, Brisbane, Cairns, Canberra, Darwin, Gold Coast, Hobart, Melbourne, Perth and Sydney) by providing AFP sworn police to perform counter-terrorist first response, investigation, intelligence and community policing roles.

AIRPORT POLICING

The AFP has an Airport Police Commander at each of the major airports who is responsible for the coordination, command and control of aviation security and airport policing activities. AFP Aviation members conduct criminal investigations into aviation-specific crime, maintain a highly visible patrolling presence, respond to community policing incidents and conduct incident-preparedness exercises at all major airports.

During 2013–14, following the completion of the transition to the 'All In' model, the Aviation function:

- responded to 68,597 incidents, including community policing response, customs and border response, public calls for assistance, general patrol, traffic incidents and Airport Watch liaison
- responded to and appraised 3,392 unattended items through its bomb appraisal officers
- arrested 386 people, resulting in 551 total charges¹
- completed 77 deployments to regional airports
- seized 439 kilograms of illicit drugs.

Air Security Officers continued to provide an intelligence-led policing capability on selected domestic and international flights to safeguard Australian registered aircraft, their passengers and crew. They provide an in-flight response and resolution capability.

¹ On page 33 of the 2011–12 AFP annual report, the number of offenders arrested and the number of charge counts were misstated. There were 283 (not 471) offenders arrested and 471 (not 558) charge counts. A misinterpretation of the apprehension statistics caused the error.

The AFP National Canine Program continued to provide a highly mobile and effective screening capability across the major airports, AFP national operations (investigations and protection) and ACT Policing. The program's purpose is to detect, deter and mitigate threats in the aviation environment and to assist off-airport AFP members and state and territory police.

During 2013–14, the AFP National Canine Teams conducted:

- 11,091 firearms and explosive detection dog searches
- 2,614 currency and drug detection dog searches
- 293 external searches by AFP firearms and explosive detection dogs on behalf of external agencies and other AFP functions
- 262 external searches by AFP currency and drug detection dogs on behalf of external agencies and other AFP functions.

Funding provided in the 2010–11 Budget for the enhanced canine capability in the National Canine Program ceased on 30 June 2014. Accordingly, the AFP has reduced the number of firearms and explosive detection dogs and some administrative resources. However, the AFP continues to provide an effective canine capability.

The 2014–15 Budget included a decision to withdraw AFP operational resources from Hobart Airport. The Tasmanian Department of Police and Emergency Management will provide a response capability at the airport upon the AFP's withdrawal. It is anticipated that the full withdrawal of AFP resources and the decommissioning of the airport station by the AFP will be completed no later than December 2014.

AVIATION OPERATIONS

Joint Airport Investigation Teams continued to provide a specific airport and airstream investigations capability. These teams are staffed by AFP members, personnel drawn from the Australian Customs and Border Protection Service and seconded state and territory police officers. The teams proactively target serious and organised criminality and 'trusted insiders', such as aviation employees who exploit, or aim to exploit, infrastructure and security vulnerabilities at major airports.

The Aviation portfolio continued to support international cooperation. Positive results in disrupting transnational organised crime at its source are highlighted in the following case studies.

Operation Celestine

Operation Celestine was a joint operation between the AFP, the Australian Customs and Border Protection Service (ACBPS) and the Royal Canadian Mounted Police. The operation uncovered an elaborate travel scam involving the use of unsuspecting elderly victims to carry drugs through countries in which the death penalty is enforced for drug smugglers.

In October 2013, at Perth International Airport, AFP and ACBPS officers intercepted 7.04 kilograms of methamphetamine concealed inside two identical suitcases on a flight from Vancouver to Perth. The

luggage owners, an elderly couple, were unaware of the concealed contents. They were returning from a 10-day tour to Vancouver, Canada, and the United States, which they won on an internet site, AusCan Tours. Part of the prize was two travel suitcases to be used on the trip. Investigations revealed that the cases were substituted in Canada.

A 38-year-old male Canadian national was arrested while waiting for the arrival of the elderly couple at Perth Airport, and has been sentenced to nine years with a non-parole period of five years.

Transnational narcotic trafficking

In August 2013, the AFP arrested two Australian citizens who attempted to import 2.97 and 4.02 kilograms of heroin from Cambodia into Australia at Melbourne and Perth airports.

AFP Joint Airport Investigation and Joint Airport Intelligence Group teams, in conjunction with the Australian Customs and Border Protection Service, identified a number of similarities between the two importations. Intelligence collected in Australia identified links to a suspected transnational narcotic trafficking syndicate operating from Cambodia. This intelligence was provided to the Cambodian Transnational Crime Team, which started an investigation.

In September 2013, two persons of interest who attempted to traffic narcotics out of Phnom Penh Airport were arrested. Their method of concealment had similarities to that identified in the arrest of the Australians in Melbourne and Perth in August 2013. A Cambodian-based Nigerian person of interest, who is believed to be the supplier of the narcotics, was later arrested at his home.

The three suspects were charged with narcotics offences under Cambodian legislation.

PERFORMANCE AUDIT

The Australian National Audit Office completed a performance audit of the AFP titled *Policing at Australian international airports*, which was tabled on 13 March 2014.

The outcomes of the audit were positive and the report contained only one recommendation, which related to the content, duration and frequency of local legislative training procedures. The AFP is working with its state and territory police jurisdictional counterparts to address the recommendation.

The audit report highlighted that:

- the Aviation function has consistently met and exceeded the targets for its key performance indicators (see Chapter 3 of this report for details)
- the Aviation function has developed and maintains effective stakeholder relationships
- there was an improvement in the number of complaints finalised within their timeliness benchmarks
- there was a significant reduction in the number of complaints against AFP officers at airports after the introduction of the 'All In' model.

Further detail on the audit report can be found on page 102.

SERIOUS TRANSNATIONAL CRIME INVESTIGATIONS

During 2013–14, the Aviation function assisted state and territory police in executing approximately 200 arrest warrants relating to state or territory matters such as attempted robbery, theft, indecent assault and breach of bail conditions.

The Aviation function's results during the year in detecting and investigating serious transnational crime include the following:

- In August 2013, a man who arrived at Perth Airport was arrested after AFP officers searched him and found approximately 6 kilograms of heroin.
- In December 2013, a man was arrested after he arrived at Sydney Airport and was found to be in possession of 4.995 kilograms of methamphetamine and 998 grams of cocaine. Subsequent investigations resulted in the seizure of a Taser, 56 tablets of methamphetamine and \$1,624,500 in cash that was forfeited under the *Proceeds of Crime Act 2002*.
- In December 2013, the AFP arrested a woman after she arrived at Sydney Airport. She was subjected to a search, which revealed 1.998 kilograms of methamphetamine strapped to her body.
- In May 2014, the AFP arrested a man after he arrived at Sydney Airport. He was selected for a baggage examination, and 4.5 kilograms of cocaine was found hidden in the linings of his luggage.
- In June 2014, a man was arrested after arriving at Perth Airport and was found to be carrying 4.5 kilograms of methamphetamine in his belongings.



AFP Aviation members patrolling Sydney Airport



Airport Watch

Airport Watch continues to operate at Australia's major airports. Airport Watch is the AFP's aviation community crime prevention strategy. Its goal is to encourage people working or conducting business at airports to identify and report suspicious behaviour to the AFP.

Protection

Highlights

In 2013–14, the AFP's Protection function:

- continued to participate and cooperate with Commonwealth, state and territory partner agencies to provide effective close personal protection, nationally and overseas, including for visits to Australia by:
 - the Duke and Duchess of Cambridge
 - His Royal Highness Prince Henry of Wales
 - Dr Tony Tan Keng Yam, President of Singapore
 - the Hon John Key, Prime Minister of New Zealand
 - His Excellency Mr Taur Matan Ruak, President of the Democratic Republic of Timor-Leste
- delivered uniform protection services to diplomatic and consular missions, Commonwealth Government establishments and members of the federal government
- planned, coordinated and deployed capabilities in support of special events in Australia and overseas, including:
 - the International Royal Australian Navy Fleet Review
 - the 2014 Winter Olympic Games and Paralympic Games in Sochi
 - Anzac Day ceremonies in Turkey and France
 - the FIFA World Cup
 - finance meetings in the lead-up to the 2014 G20 Leaders' Summit.

OBJECTIVE

The Protection function ensures that individuals and interests identified by the Commonwealth to be at risk are kept safe from acts of terrorism, crime and issue-motivated violence.

The Protection function's activities require a concentration of resources on preventing criminal acts, including issue-motivated violence and terrorism. This is supported with intelligence-led threat and risk analysis. Operational activities include uniform patrols and response, close personal protection, witness protection and special events planning. The Protection function also provides capabilities designed to respond to armed incidents and increased threat levels.

The delivery of protective security services occurs in a range of settings and is informed by a decision-making framework that focuses on intelligence and risk analysis, information sharing and collaboration with Commonwealth, state and territory partner organisations.

UNIFORM PROTECTION

Protective Service Officers deliver high-visibility protective security at critical infrastructure sites and establishments that are of interest to the Commonwealth. During 2013–14, uniform protection services were delivered to:

- diplomatic and consular missions in Canberra, Melbourne, Perth and Sydney
- Commonwealth Government establishments, including:
 - Australian Parliament House
 - the official residences of the Prime Minister and the Governor-General in Canberra and Sydney
 - the High Court of Australia
 - the Australian Embassy in Jakarta, Indonesia
 - the Australian Nuclear Science and Technology Organisation
 - designated Defence establishments across Australia.
- Australian and foreign high office holders, on an as-needed basis.

Royal Australian Navy—International Fleet Review

AFP Protective Service Officers stationed at Garden Island Defence Precinct played an additional role in the International Fleet Review, with staff allocated to the Naval Coordination and Information Centre and the NSW Police Operations Centre.



AFP Protective Service Officers conducting bike patrols during the International Fleet Review held in Sydney in October 2013

PROTECTION LIAISON

The Protection Liaison Team engages regularly with representatives from the offices of dignitaries, members of the diplomatic and business communities, protest groups and law enforcement partners. The team often contributes to the referral of matters to the AFP Crime Operations area for formal investigation and potential prosecution.

PROTECTION ASSESSMENT

The Protection Assessment Team collects and analyses information and intelligence on threats to designated Australian high office holders, internationally protected persons, visiting foreign dignitaries, designated Commonwealth establishments and diplomatic or consular missions, both in Australia and offshore.

CLOSE PERSONAL PROTECTION

The AFP provides close personal protection to Australian high office holders, the diplomatic community, visiting dignitaries, internationally protected persons and other individuals who are deemed to be at risk.

During 2013–14, operations were conducted in a range of national and international settings, including:

- close personal protection for 13 visits to Australia by foreign dignitaries
- support for 25 international visits overseas by Australian high office holders and support for major events, such as:
 - Anzac Day commemorations in Gallipoli, Turkey, and in Villers-Bretonneux, France
 - the 2014 Winter Olympic Games and Paralympic Games in Sochi
- provision of additional close personal protection during the 2013 federal election campaign
- coordination of protective security arrangements for the Australian Ambassador to Indonesia in collaboration with the Indonesian National Police at the Australian Embassy in Jakarta.



Prince William and Catherine, Duchess of Cambridge, visit the National Arboretum Canberra. Teams from Close Personal Protection and uniformed officers from ACT Policing ensured that the event went smoothly

SPECIAL EVENTS

Sochi Winter Olympic Games and Paralympic Games

The AFP provided operational planning in support of the Sochi Winter Olympic Games and Paralympic Games in early 2014, working with key partners, including the Australian Paralympic Committee, the Department of Foreign Affairs and Trade, the Australian Security Intelligence Organisation, the Russian Federal Security Service and the Sochi Organising Committee.

Anzac commemorative services in Turkey and France

The AFP prepared operational plans in support of the Anzac commemorative services in Turkey and France. Key domestic stakeholders included the Department of Veterans' Affairs, the Department of Foreign Affairs and Trade, the Attorney-General's Department and the AFP's Beirut and London offices.

G20 Summit 2014

AFP Protection provided support to the G20 2014 Taskforce and the Queensland Police Service in preparation for the G20 Leaders' Summit to be held in Brisbane on 15–16 November 2014.

FIFA World Cup

AFP Protection deployed two members to the FIFA World Cup in 2014 in Brasilia. The members provided support to the Brazilian Federal Police in the International Police Cooperation Centre.

WITNESS PROTECTION

The AFP's National Witness Protection Program provides protection and assistance to witnesses identified as being at risk because of assistance they have given to police and other law enforcement agencies in significant criminal prosecutions.

Through the program, the AFP engages with local and international law enforcement agencies and shares the knowledge and experience gained from this engagement with all Australian jurisdictions through the Australia New Zealand Policing Advisory Agency. For more information, see the National Witness Protection Program annual report in Annex B.

Crime Program

Highlights

In 2013–14 the Crime Program:

- seized 7,739 kilograms of illicit drugs
- restrained \$134 million in assets under the *Proceeds of Crime Act 2002*
- effected 56 arrests and seized 7 firearms, 138 kilograms of illicit drugs and precursor chemicals, 177 tonnes of tobacco, more than \$2 million in cash and \$12.7 million in restrained assets as a result of operational activity undertaken by the joint waterfront taskforces in Sydney, Melbourne and Brisbane
- arrested the five principal suspects allegedly involved in the illegal management of sex workers in licensed brothels in Melbourne—see the Operation Kitrino case study below
- received 70 human trafficking referrals, of which 60 have been accepted for investigation
- achieved significant results in Southeast Asia and the Pacific region through shared intelligence and collaboration with partner law enforcement agencies—see the Project Cringle and Operation Ecrue case studies below
- disrupted a large-scale, illegal card-sharing network operating from a property in Sydney—see the Operation Telfair case study below
- worked with other areas of the AFP and partner agencies to successfully implement the National Anti-Gangs Squad
- directly contributed to the ongoing success of Operation Sovereign Borders through the Joint Agency Task Force
- achieved a 92 per cent overall satisfaction rating in the 2014 AFP Business Satisfaction Survey, an increase of 8 percentage points on the 2013 result.

OBJECTIVE

The purpose of the Crime Program is to disrupt, dismantle and combat serious and organised crime that poses a threat to Australia's national security. The program comprises the Serious and Organised Crime function and the Crime Operations function, which provide an investigative capacity for a wide range of crime types contained in Commonwealth statutes.

The Crime Program proactively seeks opportunities for investigations aimed at disrupting or dismantling crime organisers, facilitators or syndicates at their source. This includes asset recovery that targets the criminal economy.

INTERNATIONAL AND NATIONAL COLLABORATION

The global criminal environment today is complex, borderless and fluid. With criminal groups active at local, national and international levels, investigations are increasingly likely to have a multi-jurisdictional aspect. Accordingly, the AFP seeks opportunities to maintain, build and enhance cooperative relationships, including leveraging state, territory, Commonwealth and foreign law enforcement partnerships.

The AFP's International Network comprises 99 officers in 28 countries (at 35 locations) around the world who facilitate the exchange of information with foreign law enforcement agencies in order to broker collaboration in combating transnational crime.

The AFP works closely with law enforcement partners in the Asia–Pacific region to combat transnational crime by providing support through the Pacific Transnational Crime Network, which consists of 18 Transnational Crime Units in 13 Pacific countries and the Pacific Transnational Crime Coordination Centre in Apia, Samoa. Advisers in the AFP's Transnational Crime Units are located in the Pacific (Fiji, Micronesia, Papua New Guinea, Solomon Islands and Tonga) and Asia (Cambodia, Indonesia, Thailand and Vietnam) and focus on delivering capacity-building projects in the region.

Some examples of the AFP's work with its national and international partners during 2013–14 follow.

Project Cringle

In August 2012, following an assessment of relevant intelligence and operational activity, the AFP, the Australian Customs and Border Protection Service (ACBPS) and the United States Drug Enforcement Administration (US DEA) established Project Cringle to examine the risks to national security posed by transnational organised crime groups trafficking drugs to Australia on small craft through the South Pacific region.

Since its inception, Project Cringle has generated numerous multi-agency operations, most recently Operation Basco. Operation Basco involved the cooperation of the AFP, ACBPS, the US DEA and the Vanuatu Police Force. In August 2013, it resulted in the seizure of 691 kilograms of cocaine, estimated to be worth \$370 million, on a yacht in Vanuatu. This was the second largest seizure of cocaine involving Australian authorities.

Project Cringle continues to facilitate the cooperation and collaboration of multiple law enforcement agencies, both domestically and internationally, to ensure a greater alignment of operational activities around the Pacific maritime sector.



Some of the 691 kilograms of cocaine seized during Operation Basco

Operation Ecrue

Operation Ecrue was a joint operation between the AFP and the Royal Thai Police. It resulted in the seizure of 140 kilograms of heroin destined for Australia and the offshore disruption of a transnational crime syndicate. The AFP, through its International Network, contributed to the successful operation by working with several Thai law enforcement agencies, including the Royal Thai Police Narcotics Suppression Bureau and the Office of Narcotics Control Board.

In March 2014, two people, including the alleged organiser of the international syndicate, were arrested in Thailand.



Some of the heroin that was discovered by Thai officials while inspecting a consignment of frozen seafood destined for Australia during Operation Ecrue

Operation Ebrima

Operation Ebrima began in September 2013 when a consignment containing a six-wheeled truck arrived in Australia from China. Examination revealed that more than 200 kilograms of methamphetamine was concealed in the tyres of the truck.

Three men were arrested for their alleged role in importing the methamphetamine, which had an estimated street value of up to \$200 million. Two of the men have since pleaded guilty and are awaiting sentencing.

Operation Ebrima was one of the largest multi-agency operations ever conducted in Australia. The investigation crossed multiple state borders and brought together resources from the AFP; the Victorian, New South Wales and Queensland police; the Australian Customs and Border Protection Service; the Australian Taxation Office; the Australian Transaction Reports and Analysis Centre; the Australian Crime Commission; and the New South Wales Crime Commission.

DRUG SEIZURES

During 2013–14, the Crime Program seized 7,739 kilograms of illicit drugs and precursors (Table 3). This is larger than last year with increases observed in amphetamines and precursors.

TABLE 3 DRUG SEIZURES, 2012–13 AND 2013–14

Drug group reported	2012–13		2013–14	
	Seizures	Weight (kg)	Seizures	Weight (kg)
Amphetamine and amphetamine-type stimulants	1,428	3,275.5	1,643	4,093.7
Cannabis	1,462	39.9	1,212	83.7
Cocaine	740	1,002.2	647	986.3
Hallucinogens	96	10.9	222	10.5
Heroin (opioids)	228	507.8	252	149.8
MDMA	1,119	154.8	867	137.8
Pharmaceuticals	186	74.2	57	13.2
Precursors	74	802.6	90	1,423.3
Sedatives	107	266.4	285	294.4
Other (identified)	923	324.4	120	150.9
Other (confirmed)	4	5.1	68	395.0
Total	6,093	6,463.8	4,153	7,738.7

Notes: The total number of seizures is not a sum of the seizure count for each drug group. It is a count of total seizures. Some seizures involve multiple drug groups.

Figures are correct at time of publication. The figures include seizures by federal agencies (including the Australian Customs and Border Protection Service) where the drugs have been held in AFP custody. The table excludes international seizures.

WATERFRONT OPERATIONS

Organised criminal infiltration in the maritime sector has been identified as posing significant risks to Australia's national security. The waterfront taskforces are multi-agency initiatives established to target serious and organised crime on the waterfront, across the east coast of Australia.

The taskforces commenced with the establishment of Taskforce Polaris in New South Wales in July 2010, followed by Taskforce Trident in Victoria in July 2012 and Taskforce Jericho in Queensland in July 2013.

The taskforces bring together officers from the AFP, the Australian Customs and Border Protection Service (ACBPS), the Australian Crime Commission, relevant state police and state crime commissions, the Australian Taxation Office and the Australian Transactions Reports and Analysis Centre. The taskforces provide valuable advice to government on ways to harden the maritime sector and supply chain against infiltration by serious and organised crime.

The taskforces have made major seizures of narcotics and other illicit commodities that have resulted in numerous arrests, significant forfeiture of proceeds of crime and disruption of organised crime syndicates.

In 2012–13, the waterfront taskforces collectively effected more than 56 arrests and seized 7 firearms, 138 kilograms of illicit drugs and precursor chemicals, 177 tonnes of tobacco, more than \$2 million in cash and \$12.7 million in restrained assets.

NATIONAL ANTI-GANGS SQUAD

The National Anti-Gangs Squad, announced in March 2013, promotes the safety and security of Australian citizens and assets by providing a coordinated nationwide capability to deter, detect and disrupt gang-related crime. Consistent with the Commonwealth Organised Crime Strategic Framework, the AFP-led multi-jurisdictional, multi-agency initiative aims to:

- collaborate with relevant Commonwealth, state and territory, and international partners to target gang-related crime in Australia
- enhance the capability of state and territory law enforcement to combat gang-related activity by providing coordinated investigative, intelligence and technical support and asset confiscation support
- coordinate a national intelligence overview of gang-related activities through the Australian Gangs Intelligence Coordination Centre
- protect the public finances of Australia from gang-related abuse of tax systems.

Since its commencement on 1 July 2013, the National Anti-Gangs Squad has responded to more than 380 requests for assistance from state and territory jurisdictions. Following its full implementation on 1 January 2014, the initiative has assisted in disrupting serious gang-related criminal activity through 72 state and territory gang-related investigations. It has also provided support in the arrest of more than 200 offenders, including 525 charges. Results of these operations include the seizure of 205 firearms, over \$1.2 million in cash and more than 40 motor vehicles.

Operation Tricord/Polo

Operation Tricord/Polo was a multi-agency, multi-jurisdictional operation that is an exemplar of law enforcement's collaborative effort, at the state, Commonwealth and international levels, to target and disrupt transnational organised crime syndicates and the profits they illegally obtain.

The investigation, which ran for more than 12 months, involved state and Commonwealth agencies across Western Australia and Victoria. Twelve people were arrested as a result of the investigation, for offences relating to money

laundering and the harbouring of unlawful non-citizens.

A major factor in the success of the operation was the engagement of foreign law enforcement partners, who helped to ensure disruption of the criminal enterprise.

The operation struck a significant blow to organised crime operating in Western Australia and will be the blueprint for future joint activities.

CRIMINAL ASSETS CONFISCATION TASKFORCE

Targeting the criminal economy is crucial to enhancing our understanding of organised criminal activity and developing strategies to disrupt it. A key objective is to remove the profit from crime and prevent its reinvestment in further criminal activity. Through the Criminal Assets Confiscation Taskforce, AFP investigations have an enhanced focus on following the money. The taskforce also facilitates increased engagement with the banking and financial sectors.

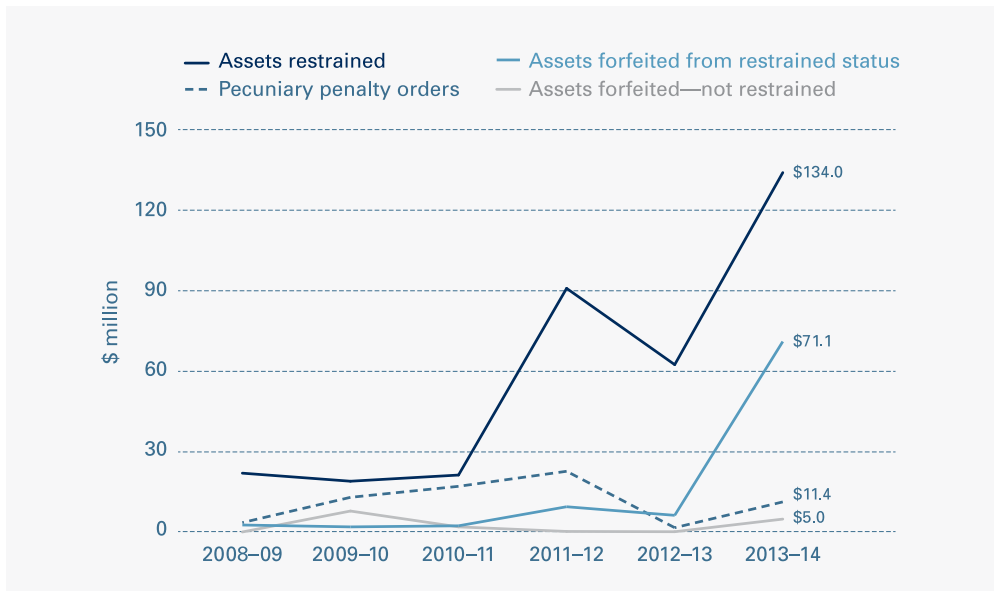
The taskforce is led and hosted by the AFP and combines the expertise and resources of the AFP, the Australian Crime Commission and the Australian Taxation Office. The taskforce has investigation and litigation teams in Brisbane, Sydney, Melbourne, Perth and Canberra, providing national coverage. These teams also provide financial investigative support to other operational areas of the AFP.

The taskforce investigates and litigates conviction-based and non-conviction-based proceeds of crime matters. It employs a dynamic and integrated approach to asset confiscation and develops the most effective and appropriate strategy for each individual case. The work of the taskforce complements the Organised Crime Strategic Framework by targeting the criminal economy, and assists in protecting the public finances of Australia from criminal abuse of the tax system.

Referrals from the Criminal Assets Confiscation Taskforce to the Australian Taxation Office have led to the initiation of a number of cases. Of those, 59 have been finalised, resulting in more than \$30 million being raised in liabilities. Current cases have an estimated liability value of around \$137 million.

Figure 8 shows the trends in criminal assets restrained and forfeited since 2008–09. Taskforce operations also resulted in a further \$17.4 million being restrained in 2013–14 under the *Mutual Assistance in Criminal Matters Act 1987*.

FIGURE 8 ASSETS RESTRAINED AND FORFEITED AND PECUNIARY PENALTY ORDERS, 2008–09 TO 2013–14



Note: Assets restrained value is based on estimated recovery value. Assets forfeited value is based on the realised value after disposal of the assets.

Operation Nosean

In October 2012, the AFP-led Criminal Assets Confiscation Taskforce and the Australian Taxation Office (ATO) commenced an investigation into suspected money laundering and tax fraud concerning the purchase and sale of gold bullion. The fraud typology is known as a 'missing trader' or 'carousel' fraud. The objective of the fraud is to generate tax refunds that entities are not entitled to. The estimated loss to the Commonwealth from groups alleged to be involved in this fraud type is in excess of \$300 million and growing.

In order to target one specific group that was alleged to have defrauded the Commonwealth of more than \$40 million, the Criminal Assets Confiscation Taskforce commenced Operation Nosean. On 29 October 2013, the AFP, with the assistance of the ATO, executed 16 search warrants across New South Wales and Victoria. As a result of the operation, the AFP and ATO have restrained more than \$22 million worth of cash and other assets deemed to be proceeds of crime.

Operation Euclase

In late November 2013, a Chinese man arrived in Australia and checked into casino accommodation. After being captured on CCTV receiving a large bag suspected to contain proceeds of crime, the person of interest dealt with the money in the following ways over a five-day period:

- made cash deposits totalling \$130,000 for gambling chips
- opened an ANZ bank account with \$50,000 cash
- sent \$110,000 from his casino account to a bank account in Hong Kong
- flew to Perth, and opened two Westpac bank accounts with \$20,000 cash
- made suspicious cash deposits at another casino
- sent \$70,000 to two accounts in Hong Kong.

The person of interest was arrested attempting to depart Sydney with \$147,000 cash. Another man was arrested in Hong Kong when he attempted to withdraw cash that had been sent there. The AFP acted quickly to freeze and restrain all funds associated with the crime. Further cooperation with Hong Kong is continuing.



Cash restrained as a result of investigations into unexplained wealth

FRAUD AND ANTI-CORRUPTION

The AFP's Fraud and Anti-Corruption (FAC) business area enhances the AFP's response to serious and complex fraud against the Commonwealth, corruption, foreign bribery and identity crime involving the manufacture and abuse of credentials. The FAC has dedicated investigative teams in AFP regional offices, including a Sydney-based joint Identity Security Strike Team.

Through the FAC, the AFP works alongside partner agencies to undertake, or assist with, investigations of serious and complex fraud and corruption against the Commonwealth. This multi-agency approach aims to disrupt, deter and provide an overall reduction in criminality—a result that may be less likely through a standard investigation. This approach results in increased compliance with Commonwealth legislation and enhances revenue and expenditure outcomes for the Commonwealth. The FAC also contributes to Australia's response to the review of the implementation of the OECD Anti-Bribery Convention in Australia.

Foreign bribery investigations are a key focus of the FAC and continue to be supported by the AFP Panel of Experts on Foreign Bribery.

During 2013–14, members of the Panel of Experts continued to develop strong working relationships with partner agencies, both nationally and internationally. Members attended international workshops and conferences on bribery, including the International Foreign Bribery Taskforce meeting in London, and the Law Enforcement Officials meeting of the OECD's Working Group on Bribery in Paris.

The strong working relationships developed by the panel and the FAC continue to enhance the AFP's capability to investigate this unique and complex transnational crime type.

In 2014–15, the AFP will enhance the FAC partnerships through the announcement of the FAC Centre, an AFP-hosted multi-agency initiative established to enhance the Commonwealth's response to prevent, detect and investigate serious and complex Commonwealth fraud and corruption.

Operation Leith

In February 2014, the AFP and the Australian Securities and Investments Commission (ASIC) commenced a joint investigation into an alleged insider-trading scheme facilitated between a Melbourne-based National Australia Bank (NAB) employee and a Canberra-based Australian Bureau of Statistics (ABS) employee. The investigation found that the NAB employee had been using market-sensitive ABS data to enter into foreign exchange derivative contracts.

The success of the investigation was driven by the close collaborative working relationships established between the AFP and ASIC, as well as senior management support from the ABS and NAB. Through the Criminal Assets Confiscation Taskforce, the AFP restrained cash and property held by both suspects to the value of \$7 million.

Both suspects were charged with insider-trading offences contrary to section 1043A of the *Corporations Act 2001* and a series of further offences, including money laundering, corruption and abuse-of-office offences under the *Criminal Code Act 1995*.

Operation Arkanis

Operation Arkanis is a multi-agency investigation focused on a sophisticated and well-resourced syndicate involved in manufacturing and distributing fraudulent identity documents and credit cards. To date, this investigation has resulted in the dismantling of an established manufacturing syndicate, the arrest of four people for 51 offences, and the seizure of a significant

quantity of electronic equipment, cards stock and holograms used to manufacture thousands of driver's licences, Medicare cards and credit cards. In excess of \$70,000 in cash (Australian and foreign), plus high-quality jewellery and accessories have been seized, and approximately \$2 million in assets has been restrained by the Criminal Assets Confiscation Taskforce.

HUMAN TRAFFICKING

The AFP's Human Trafficking Team supports the whole-of-government approach to combating human trafficking. The team works collaboratively with a strong network of government and non-government law enforcement agencies across Australia to reflect the four central pillars of Australia's anti-human trafficking strategy—prevention; detection and investigation; criminal prosecution; and victim support and rehabilitation.

Together, this suite of measures is intended to address the full cycle of trafficking from recruitment to reintegration, and give equal weight to the critical areas of prevention, prosecution and victim support.

The Human Trafficking Team is responsible for investigating human trafficking allegations. The national team is located in the AFP headquarters in Canberra, and regional teams are located in Sydney and Melbourne. The AFP also has members in Brisbane, Darwin, Perth and Adelaide who are trained in investigating human trafficking.

In 2013–14, the AFP received 70 human trafficking referrals, 60 of which have been accepted for investigation. This is an increase from 2012–13, when 52 referrals were received and 29 were accepted for investigation.

The AFP conducts an annual two-week human trafficking investigations program in partnership with the International Law Enforcement Academy, Bangkok. The program, which is funded by the United States, is designed to raise the skills of police and other agencies in the region in preventing, detecting, investigating and prosecuting cases of human trafficking in accordance with international best practice.

The 2013–14 program was delivered to participants—including police investigators, prosecutors and immigration officers—from 11 Southeast Asian countries, including Brunei, Cambodia, Indonesia, Malaysia, the People's Republic of China, Philippines, Thailand, Timor-Leste and Vietnam.

Operation Kitrino

Operation Kitrino commenced in September 2012 as a joint investigation between the AFP and Victoria Police into a Korean syndicate allegedly involved in the illegal management of sex workers in licensed brothels in Melbourne. The investigation went to resolution on 2 July 2013, with the execution of 13 search warrants and the arrest of the five principal suspects. Approximately \$1 million worth of assets was restrained by the

Criminal Assets Confiscation Taskforce under Commonwealth proceeds of crime legislation. Charges laid included dealing with proceeds of crime worth \$100,000 or more, contrary to section 400.4(1) of the Commonwealth *Criminal Code Act 1995*, by virtue of living on the earnings of sex workers contrary to section 10(1) of the Victorian *Sex Work Act 1994*.

Operation Durin

Operation Durin commenced in July 2013, following detection by quarantine officers in Melbourne of the precursor chemical ephedrine concealed inside 25-kilogram bags of rice in two 20-foot containers. The total weight of ephedrine concealed in the consignment was 274 kilograms—estimated to possibly manufacture up to 200 kilograms of crystal methamphetamine, with an estimated potential street value of up to \$200 million. In September 2013, after an eight-week controlled operation, Operation Durin moved into the resolution phase. AFP officers executed nine search warrants in Melbourne and Sydney. Evidence seized included \$255,000 in cash.

Six people were arrested and charged with supply of a commercial quantity of a prohibited drug

contrary to section 25(2) of the New South Wales *Drug Misuse and Trafficking Act 1985*. It was one of the largest single seizures of ephedrine in Australian history and resulted in a joint operation involving the AFP, the Department of Agriculture and the Australian Customs and Border Protection Service.



Ephedrine concealed within a shipment of rice

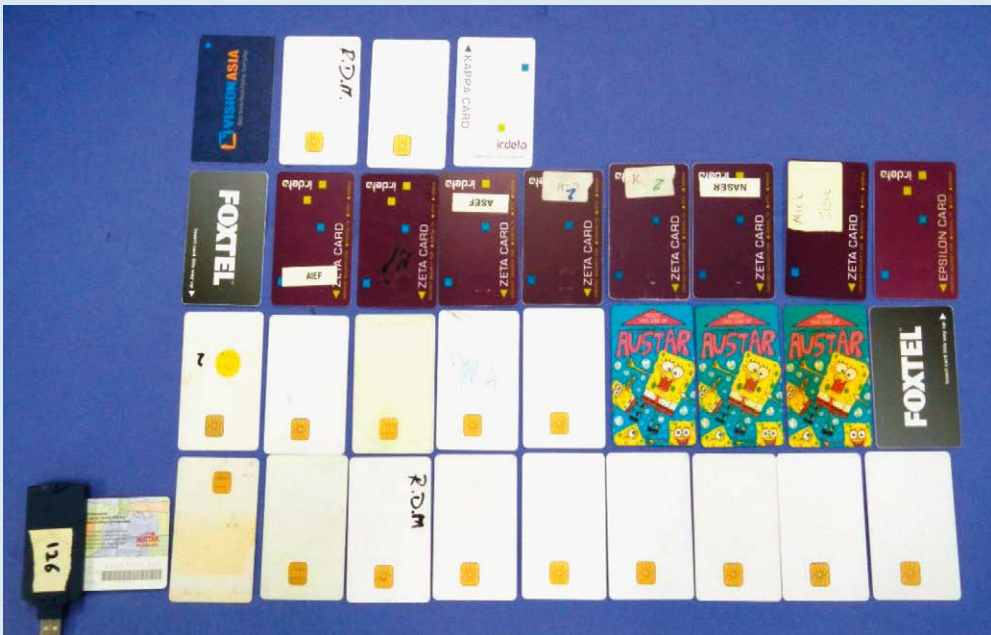
Operation Telfair

Operation Telfair was an investigation into subscription television piracy. It began in January 2013 after Foxtel investigators advised the AFP of an alleged large-scale, illegal card-sharing network operating from a Sydney property. Covert policing activities provided evidence indicating that the net value of the theft was more than \$1 million a year.

In November 2013, after a nine-month investigation, Operation Telfair went into the resolution phase. Two search warrants were

executed which led to the seizure of 60 decoder boxes (devices used to access Foxtel and other broadcasters), a number of counterfeit smartcards, customer lists and other technical equipment. Approximately 10,000 customers were identified as using the system, which the AFP disabled to stop the offences from continuing.

To date two men have been prosecuted for offences under the *Copyright Act 1968* in relation to their involvement in the selling of unauthorised Foxtel services, with another man awaiting trial.



Illegal cards seized in Operation Telfair

FIREARMS STRATEGY

In July 2013, the firearms referral process was established under the joint strategic partnership between the AFP and ACBPS. Under this strategy the AFP received 49 firearms referrals from ACBPS during 2013–14, 31 of which were accepted for further investigation.

The AFP works closely with ACBPS, state and territory police and international law enforcement to investigate importations of illicit firearms. The AFP, in collaboration with domestic and international partners, continues to enhance its strategies for responding to domestic and international firearms matters.

Operation Ultramarine

Operation Ultramarine began in February 2014 when officers of the Australian Customs and Border Protection Service (ACBPS) identified methamphetamine concealed in a consignment of 27 kayaks imported from China. The total weight of the methamphetamine was 183 kilograms and it had an estimated street value of \$180 million.

The AFP, with assistance from ACBPS, conducted a controlled operation that led to the execution of

five search warrants across Sydney. Five people were arrested and charged with the importation. A 32-year-old Kensington man and a 28-year-old Taiwanese woman were each charged with one count of attempting to import a commercial quantity of a border-controlled drug. Three male Taiwanese nationals—aged 35, 30 and 21—were each charged with one count of possessing a commercial quantity of a border-controlled drug.

NORTHERN TERRITORY CHILD ABUSE TASKFORCE

The investigation of child sexual abuse in remote communities is difficult due to a range of challenges, including language, trust and community dynamics. Since 2008, the AFP has allocated resources to provide Commonwealth support for the Northern Territory Child Abuse Taskforce, which is located within the Northern Territory Police Force.

The taskforce conducts significant community engagement to establish rapport and to promote reporting and disclosure of child sexual abuse. Through the taskforce, AFP members assist in investigations focused on serial violence, child abuse and other criminality in Indigenous communities that contributes to these crimes. In 2013–14, the taskforce conducted 271 investigations. Of these, 86 were allocated to the AFP members working in the taskforce.

OPERATION SOVEREIGN BORDERS

From September 2013, to align with the Australian Government's Operation Sovereign Borders policy, the AFP established and led the Disruption and Deterrence Task Group. As a member of the Operation Sovereign Borders Joint Agency Task Force, the group developed and implemented an operational model that enhances and synchronises Australian law enforcement, intelligence and border protection capabilities to coordinate and focus efforts on the investigation and disruption of people smuggling to Australia.

The AFP, in collaboration with partner law enforcement and intelligence agencies, undertakes investigations into people-smuggling activities to effectively dismantle people-smuggling syndicates and find the organisers and facilitators responsible for overland and maritime illegal people smuggling.

Due to the transnational nature of people smuggling, investigations into international crime groups rely on close cooperation and collaboration with law enforcement and intelligence agencies in source and transit nations to achieve success. The AFP supports regional partners by building capacity and providing training in order to achieve maximum impact. The demonstrated success to date of the Disruption and Deterrence Task Group is a direct result of operational activities executed in conjunction with partner law enforcement and intelligence agencies, both in Australia and throughout the region.

Operation Crowea

Operation Crowea was an investigation into a syndicate responsible for a vessel that capsized on 21 June 2012, resulting in the loss of approximately 100 lives. Two crew members involved in the venture were charged with a total of seven

aggravated people-smuggling offences under the *Migration Act 1958*. One received a sentence of nine years' imprisonment and the other received six years.

High Tech Crime Operations

Highlights

In 2013–14, the AFP's High Tech Crime Operations function:

- used its proactive and technical capabilities to identify and prosecute suspects sharing child exploitation images via peer-to-peer platforms
- responded to the threat of child sexual exploitation online and in travel and tourism, resulting in 78 offenders being arrested or summonsed for a total of 206 child sex offence charges
- countered cybercrime threats through targeted operations, resulting in four arrests or summonses, with a total of 13 charges for unauthorised access and modification of personal data and impairment of computer systems of national significance
- mitigated cybercrime threats by providing assistance to international law enforcement to disrupt and neutralised the Gameover Zeus botnet
- expanded the ThinkUKnow cybersafety program to include all Australian police services (with the exception of one), and increased the outreach of the Cyber Safety Pasifika project
- delivered 546 cybercrime prevention presentations to a total audience of more than 44,000
- delivered 61 social media and reputation management presentations to more than 3,900 athletes, administrators, police and Australian Defence Force personnel
- appeared before and contributed to parliamentary committee inquiries, and provided input to legislative amendment bills and public discussion papers
- complied with the *Telecommunications (Interceptions and Access) Act 1979*, the *Surveillance Devices Act 2004* and Part IAB of the *Crimes Act 1914* in relation to recordkeeping and reporting.

OBJECTIVE

The AFP's High Tech Crime Operations (HTCO) function combats the threats of cybercrime directly through disruption, mitigation, prosecution and education, and supports the broader AFP through its technical capabilities.

The HTCO function ensures that the AFP has a flexible close operational capability and investigative capacity to address cyber and child exploitation crimes. It provides centrally coordinated surveillance and monitoring capabilities that support all AFP policing functions, both domestically and internationally.

The HTCO function delivers a diverse capability including:

- identifying and responding to current and emerging cybercrime challenges, through investigation, prevention and awareness-raising activities
- delivering, intercepting, monitoring and analysing relevant communications and other activities in support of investigations and operations.

NATIONAL AND INTERNATIONAL COLLABORATION

The HTCO function continued to respond effectively to complex and adaptive crime, in collaboration with national and international stakeholders. The AFP has built robust and meaningful relationships with government agencies and private enterprise to reduce the enduring threat of cybercrime.

Investigation and disruption

The investigations members of the HTCO function work in teams that are primarily focused on:

- child sexual exploitation, both online and in travel and tourism
- cybercrimes (unauthorised access and modification of personal data and impairment of computer systems of national significance).

The investigative arm of HTCO has worked to position the AFP to effectively combat the challenges of cybercrime. Following are some examples of HTCO's operational outcomes.

Gameover Zeus botnet

The Gameover Zeus botnet is an extremely sophisticated, peer-to-peer, malicious software designed to steal banking and personal information from computer users. It is estimated to have infected between 500,000 to 1 million computers in 12 countries. In May 2014, the AFP's Cyber Crime Operations Team participated in the US Federal Bureau of Investigation's Operation Tovar, resulting in the successful takedown of Gameover Zeus. An indictment was served in the United States on one person, with potential further indictments to follow. The bureau publicly stated that the botnet was responsible for thefts exceeding US\$100 million.

Operation Alastria

Operation Alastria commenced in January 2013. It is an ongoing investigation into online threats, including threats from issue-motivated groups.

Since January 2013, the AFP's Cyber Crime Operations Team has executed seven search warrants across Australia (in New South Wales, Victoria and Western Australia). These warrants have resulted in the arrest of five people, and there are more than 20 charges before the court, with the possibility of additional charges.

The operation's success was due to information obtained from search warrants, cooperation with overseas law enforcement agencies and intelligence sources.

This activity demonstrates the importance of investigating significant computer intrusions, and also the importance of adopting a collaborative approach to combating cybercrime.

Child exploitation investigations

Combating child sexual exploitation requires maintaining consistency in criminalisation and punishment, raising public awareness, and increasing the number of services available to assist affected children, while improving overall law enforcement efforts at both national and international levels.

The increase in crimes involving the sexual exploitation of children on the internet is a significant law enforcement challenge shared by all countries. The AFP's membership in the Virtual Global Taskforce has ensured that the AFP is well positioned to leverage its international partnerships in combating the online exploitation of children. Operation Navigium is an example of what can be achieved operationally on an international scale.

Operation Navigium

Operation Endeavour commenced in 2012 in the United Kingdom and was a joint investigation by the UK National Crime Agency's Child Exploitation and Online Protection Centre, the AFP and US Immigration and Customs Enforcement. The investigation dismantled an organised crime group that facilitated and financed the live streaming of on-demand child sexual exploitation shows in the Philippines.

During the course of its investigation, the Child Exploitation and Online Protection Centre identified 10 Australian suspects. The AFP Child Protection Operations Team commenced Operation Navigium to determine whether these 10 suspects were involved in an organised network for on-demand child sexual exploitation shows in the Philippines.

AFP investigators concluded that the Australian offenders were independently using the internet to finance and order child exploitation shows from an organised crime group in the Philippines, and were not part of a child abuse network within Australia. Six search warrants were executed around Australia, and thousands of files of child exploitation material were seized. Three offenders were arrested on various child sexual exploitation charges.

The AFP also assisted the Philippine National Police with its national investigation, which resulted in 11 Filipino nationals being arrested and 15 Filipino children being removed from harm.

Internationally, there were 29 arrests, 11 of which were part of the facilitation group in the Philippines.

NATIONAL AND INTERNATIONAL LEADERSHIP—PREVENTION THROUGH EDUCATION

During the year, the AFP continued to play an instrumental role in ensuring that the law enforcement sector speaks with a unified voice when talking to the community about cybersafety.

ThinkUKnow cybersafety program

The ThinkUKnow cybersafety program raises awareness in the community of the importance of internet safety and security.

ThinkUKnow Australia is an effective and successful partnership between law enforcement and industry (Microsoft Australia, Datacom and ninemsn) that aims to promote the safe and ethical use of technology. During 2013–14, the ThinkUKnow program was expanded, with all but one policing agency joining the partnership. Neighbourhood Watch Australasia also joined the partnership.

ThinkUKnow volunteers, from a range of organisations, deliver awareness-raising presentations to parents, carers and teachers. These sessions are complemented by a wide variety of online resources for young people and adults, available at www.thinkuknow.org.au.

The presentations' underlying premise is educating the Australian community by focusing on respecting and managing privacy, relationships and reputations.

Police and IT specialists speak directly with people about the risks of online exploitation, fraud, harassment and other cybercrimes. Technology provides countless opportunities to both children and adults, but it also has its challenges. The ThinkUKnow program gives people practical advice on overcoming these challenges and enjoying the best of what technology has to offer.

Since the national rollout of ThinkUKnow in 2010, the program has delivered over 800 presentations to more than 28,000 people across Australia.

Sporting Ambassadors Cyber Safety Program

The AFP manages the Sporting Ambassadors Cyber Safety Program, partnering with Swimming Australia, Cricket Australia, the Australian Football League and the National Rugby League to deliver internet safety presentations to school-age children. The presentations cover topics such as cyberbullying, reputation management, inappropriate content and privacy management.

Operation Capella

Operation Capella commenced in 2009 and involved the investigation and prosecution of a Brisbane man who remotely compromised the computers of underage females and compelled them to perform lewd acts in front of a webcam. The offender was found guilty of offences including

unauthorised access to a computer with intent and using a carriage service to procure a teenager. After a protracted investigation, in August 2013 he was sentenced to 12 years' imprisonment, the longest sentence handed down to date for an investigation led by the AFP's Cyber Crime Operations Team.

Cyber Safety Pasifika

The AFP supports cybersafety awareness-raising in the Pacific region through the Cyber Safety Pasifika program. The program is an initiative of the Pacific Islands Chiefs of Police, with support from HTCO's Cyber Crime Prevention Team, and is active in the Cook Islands, the Federated States of Micronesia, Guam, Nauru, Niue, Papua New Guinea, the Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga and Vanuatu. Thirty-two presentations were delivered in 2013–14 to more than 10,000 participants.

Reducing the incidence and impact of missing persons in Australia

HTCO seeks to raise awareness of missing persons issues in Australia through its lead role in the National Missing Persons Coordination Centre. The centre works to reduce the incidence and impact of missing persons in Australia through education and awareness-raising among the Australian community. Each year it holds a number of significant events, including National Missing Persons Week, International Missing Children's Day, and Day for Daniel.

The centre first coordinated the launch of International Missing Children's Day in 2009, which involved the participation of nine countries. This was a result of the AFP's membership in the Global Missing Children's Network. In 2014, the launch of International Missing Children's Day was held at the State Library of Victoria, with 22 countries participating in similar events across the world. The launch also included raising awareness of the Australian Police Child ID app. The app has been downloaded 16,000 times since its release in 2012.



National Missing Persons Week 2013

The AFP's work in raising awareness of missing persons issues is strongly supported by the Australian business community. In 2013, A&M Solutions (the administrative arm of Chemist Warehouse) entered into a formal agreement with the AFP to promote missing persons' profiles, which includes significant advertising space in the company's 6.5 million catalogues distributed each month. This opportunity ensures greater distribution of missing persons' profiles in Australia.

EVERY SECOND COUNTS

HAVE YOU SEEN ME?

Chemist Warehouse is helping Australian police to raise awareness of missing persons issues in Australia

Please look at these photographs carefully and contact Crimestoppers on **1800 333 000** if you recognise one of these people or have information regarding a missing person.

Christmas is a difficult time of year for the families and friends of missing persons.

A time of re-connecting, Christmas magnifies the loss and hopelessness for people with missing loved ones.

We encourage everyone who may have lost touch with family and friends to reach out at this time of year.

www.missingpersons.gov.au

 Name: James WEST Year of birth: 1970 Missing since: 26 August 2006 Last seen: Blackheath NSW	 Name: Martin FRODSHAM Year of birth: 1968 Missing since: 1 July 2012 Last seen: Cairns QLD
 Name: Daniel O'KEEFE Year of birth: 1987 Missing since: 15 July 2011 Last seen: Highton VIC	 Name: Renata WOLANIN Year of birth: 1948 Missing since: 2 August 1989 Last seen: Lynden Park SA

Missing persons advertisement in Chemist Warehouse Christmas 2013 catalogue

TECHNICAL CAPABILITY

The HTCO function contributes to AFP operations by providing technical and physical surveillance capabilities, as well as developing and deploying enhanced technical capabilities to the whole of the AFP.

HTCO also provides monitoring, recordkeeping and report services for technical deployments and controlled operations undertaken by the AFP. Assessments during the reporting period were noted as compliant.

For example, the AFP was assessed by the Commonwealth Ombudsman as compliant with the *Telecommunications (Interceptions and Access) Act 1979* for telecommunications interception and described as having good processes and procedures for handling stored communications.

The AFP's surveillance device records were assessed as compliant with the recordkeeping requirements of the *Surveillance Devices Act 2004*.

In relation to controlled operations records, the AFP was assessed as compliant with Part IAB of the *Crimes Act 1914*.

International Deployment Group

Highlights

In 2013–14, the International Deployment Group (IDG):

- conducted 219 courses to develop the leadership and professional capabilities of regional law enforcement partners and trained 3,645 law and justice officials from 20 nations (2,950 male and 695 female officials)
- implemented a Regional Police Development Strategy to analyse and prioritise support to regional police agencies, and piloted a ‘lessons learned’ process to identify lessons by theme across missions
- was involved in the Women, Peace and Security agenda (United Nations Security Council Resolution 1325), addressing the impact of conflict on women and girls and highlighting the critical role women can play in preventing, managing and resolving conflict
- refurbished the Dili Police Training Centre and delivered nationally accredited police management diploma-level courses to 80 per cent of the senior officers of the Policia Nacional de Timor-Leste (PNTL) and a 12-month diploma-level senior investigations management course to PNTL investigators
- designed and delivered an expanded capacity of an additional 50 police officers for frontline advisory support to the Royal Papua New Guinea Constabulary in Port Moresby and Lae
- completed the Royal Solomon Islands Police Force accommodation program, which delivered 62 houses for police officers and three provincial police headquarters in Solomon Islands
- commemorated the 50th anniversary of police peacekeeping operations in Cyprus and the 10th anniversary of the Regional Assistance Mission to Solomon Islands.

OBJECTIVE

The AFP’s International Deployment Group (IDG) contributes to Australia’s national security objectives primarily through the provision of policing support and development activities to overseas police partners. These activities are delivered through Australian Government official development assistance programs that target improvement in the law and justice sectors of host nations through police development and improved effectiveness. The IDG also contributes police to United Nations programs and missions.

Police development activities seek to enhance the rule of law and community safety by improving security and stability and to increase public confidence in the local police service. These efforts also assist to improve socio-economic outcomes and strengthen governance arrangements.

The IDG provides a tactical response capability that is rapidly deployable for high-risk operations and a crisis response capability for disaster, humanitarian or deteriorating law and order situations and for national and ACT police operations. The IDG also performs community policing functions in some of Australia’s external territories.

The IDG works closely with other agencies, including the Department of Foreign Affairs and Trade, the Attorney-General’s Department, the Department of the Prime Minister and Cabinet, the Australian

Defence Force and the United Nations, to deliver Australian Government international priorities relating to the rule of law and regional safety and security. This includes contributing to the achievement of goals and objectives arising from the Australian Government's response to the Independent Review of Aid Effectiveness. The IDG also has the organisational lead for AFP interoperability with the Australian Defence Force, particularly in whole-of-government international deployments and disaster response.

LAW ENFORCEMENT POLICE DEVELOPMENT MISSIONS

Papua New Guinea – Australia Policing Partnership

In mid-2013 the AFP had 17 appointees working as advisers with counterparts at the Royal Papua New Guinea Constabulary (RPNGC). Appointees worked in the Internal Investigations Division and Fraud and Anti-Corruption Division at the Bomana Police Training College.



National Manager IDG Mandy Newton meets the local community during a visit to Port Moresby

In July 2013, the Australian Government announced that the AFP would deploy an additional 50 police to the Papua New Guinea – Australia Policing Partnership. The additional police serve in publicly visible advisory roles alongside RPNGC officers. The AFP further supports the RPNGC's modernisation program with a focus on training, construction and refurbishment of facilities, and provides additional advisory support to the RPNGC's Internal Investigations Division and Fraud and Anti-Corruption Division. Including support staff, there are currently 60 IDG appointees working in Port Moresby and 13 in Lae.

Timor-Leste Police Development Program

On 30 June 2014 the current Timor-Leste Police Development Program funding phase concluded. Program results included completion of a major refurbishment of the Dili Police Training Centre, providing the Policia Nacional de Timor-Leste (PNTL) with a world-class training and learning facility. With support from the program, the PNTL executive also developed a four-year strategic plan and associated annual business plan, which establish priorities and strategies for the continued development of the PNTL during the period 2014–18. A new phase of program funding for that period has been approved by the Australian Government.



A traditional greeting meets the 30 AFP members deployed under Phase IV of the Papua New Guinea – Australia Policing Partnership on 4 November 2013

Regional Assistance Mission to Solomon Islands

The Participating Police Force (PPF) of the multinational Regional Assistance Mission to Solomon Islands (RAMSI) comprises police advisers and administrative support staff from 15 Pacific Islands Forum nations, New Zealand and Australia. The AFP currently contributes 109 appointees.

The RAMSI PPF Drawdown Strategy 2013–17 sets out the transition and drawdown of the PPF security obligations. The plan guides the PPF, the Solomon Islands Government and the Royal Solomon Islands Police Force (RSIPF) in returning all security responsibilities to the RSIPF.

Between 30 March and 4 April 2014, flash-flooding from major river systems throughout Guadalcanal caused loss of life, along with significant damage to homes, infrastructure, health, livelihoods and agriculture. The flood resulted in the death of 22 people, the displacement of 10,000 people and an estimated 52,000 people affected.

The PPF provided support to the RSIPF-led response by assisting with emergency evacuations and search, rescue and recovery operations (see the Solomon Islands ferry incident case study at the end of this section). This natural disaster response demonstrated to both the local and international communities the developing capacity of the RSIPF to manage a major operation.

The temporary establishment of an RSIPF Disaster Victim Identification Centre was another positive indicator of advancements made in RSIPF capability. PPF assistance, with additional AFP support from Australia, focused on advisory support and provision of vehicles, vessels and '24/7' high-visibility security patrols around Honiara.

AFP police development in Tonga, Samoa and Vanuatu

The Tonga Police Development Program has focused on strengthening community-level policing and organisational development through targeted training and mentoring. The program has also funded infrastructure renovations, installation of a custodial CCTV system, and development of a computerised criminal records database.

The Samoa–Australia Police Partnership supported the Samoa Police Service's efforts to improve the community perception of police through measures to increase public safety and strengthen investigations and general policing skills. This included the provision of public order management kits and training for 188 members of the Samoa Police Service.

The Vanuatu–Australia Police Project supported a Vanuatu Police Force initiative to retire a cohort of its older members to enable funding for new recruits. An active gender engagement strategy resulted in the largest number of female participants (14) on a police recruit training course. The project also managed the construction and commissioning of police stations on Ambae and Pentecost Islands. A highlight of the project was the support and guidance it provided to the Vanuatu Police Force's disaster management operations following Cyclone Lusi in March 2014.

Pacific Police Development Program—Regional

The Pacific Police Development Program—Regional continued to deliver infrastructure improvements, equipment and police development to Pacific island micro-states, including the Cook Islands, the Federated States of Micronesia, Kiribati, Niue, Palau, the Republic of Marshall Islands and Tuvalu.

The program's police development activities cover the thematic areas of police leadership, management, governance, policy, gender, community policing, crime prevention, investigations, criminal intelligence, forensics and command, control and coordination.

MULTINATIONAL STABILISATION AND PEACE SUPPORT ACTIVITIES

The AFP participated in several multinational activities in 2013–14 that aimed to improve stability and peace across the globe.

United Nations Peacekeeping Force in Cyprus

The AFP commemorated 50 years of police being deployed to Cyprus, Australia's longest serving UN police mission. The IDG continued this support to the United Nations through a 15-member presence in Cyprus, which actively maintains the integrity of the buffer zone between the Greek and Turkish Cypriot communities.

United Nations New York Police Adviser

The AFP's Police Adviser to the United Nations in New York played a pivotal role in engaging across the United Nations on political, policing, gender equality and military matters.

United Nations Mission in the Republic of South Sudan

The AFP's deployment of members to South Sudan ceased in January 2014 after a seven-year commitment to Sudan and South Sudan. Before concluding the mission, AFP members aided the coordination of bilateral and multilateral assistance programs aimed at restructuring and strengthening the South Sudan Police Service.

United Nations Mission in Mauritius

The AFP has one member deployed to Mauritius as part of the United Nations Office on Drugs and Crime's Maritime Crime Programme.

Afghanistan

In line with Australia's broader drawdown in Afghanistan, the final AFP members withdrew from mission in January 2014. The AFP's efforts in Afghanistan had been focused on supporting the development of a credible Afghan National Police. This included developing and mentoring senior Afghan National Police decision-makers.

United Nations Mission in Liberia

An AFP member commenced as the United Nations Police Commissioner in Liberia on 10 January 2014. The role involves overseeing international police officers from 37 nations and providing advice and mentoring to members of the Liberian National Police.

EXTERNAL AND INTERNAL TERRITORIES

The IDG delivered a full range of community policing and delegated regulatory functions in the external territories of Christmas Island, Cocos (Keeling) Islands and Norfolk Island, and community policing services in the internal territory of Jervis Bay.

On Christmas Island, the IDG also supports the Department of Immigration and Border Protection in the coordination of public order, criminal intelligence and aviation security capabilities under the auspices of Operation Universus.



AFP vessel *Mick Keelty* patrolling Christmas Island

SPECIALIST RESPONSE GROUP

The Specialist Response Group provides the AFP with the capability to rapidly deploy locally, nationally or internationally to de-escalate volatile conflict situations, resolve high-risk situations, enhance community safety and respond to regional natural disasters.

The group comprises 22 teams across 14 disciplines, with specialist policing capabilities that include public order management, search and rescue, disaster response, intelligence, police negotiation, bomb response, maritime services, air support, communications and tactical operations.

During 2013–14, the Specialist Response Group deployed to 91 planned operations nationally, and 65 planned operations and 1,976 response tasks in the Australian Capital Territory.

Solomon Islands ferry incident



Survivors on board Participating Police Force vessel PPF1

On 18 December 2013, 389 people were rescued by members of the Royal Solomon Islands Police Force (RSIPF) and the Participating Police Force (PPF) after an overloaded ferry sank off the west coast of Malaita. The MV *Francis Gerena* was en route from Honiara to North Malaita when it sank.

Search and rescue operations commenced at 2 pm, when PPF members were notified by the RSIPF that a passenger vessel was sinking and passengers were in the water. PPF vessels MV *Jackpot* and PPF1 sailed from Honiara while a PPF helicopter flew to the site carrying a Specialist Response Group member and floatation devices.

The PPF vessels, along with fishing and commercial vessels, arrived at the scene by 4.30 pm. Flotation devices had been dropped from the helicopter, but sunset was fast approaching. The task of rescuers was made even more urgent with the knowledge that people in the water, including infants and elderly people, were in an area well known for tiger sharks.

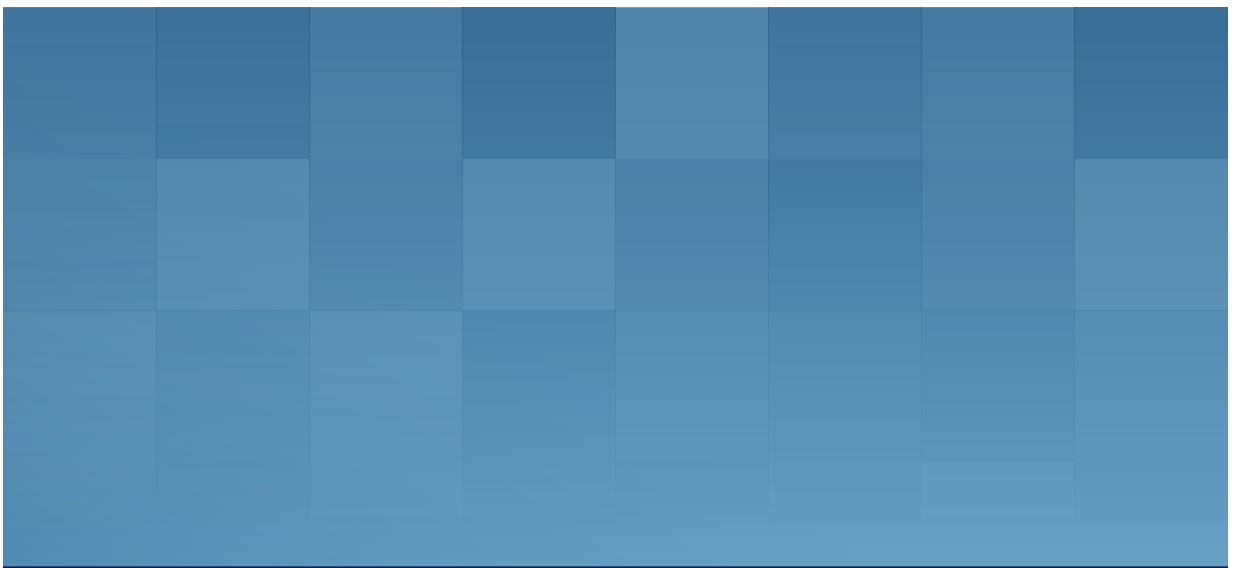
By 6.30 pm, all passengers were rescued and assisted by the RSIPF, PPF and Red Cross. They were taken to Rove Police Headquarters for assessment, received medical care and were reunited with family.

The PPF Commander, Greg Harrigan, said it was fortunate that such a swift rescue capability was able to be mobilised. 'Without RAMSI PPF air and maritime assets, this could have been a major tragedy for Solomon Islands and its people in the lead-up to Christmas.'

Despite the large number of people involved in this life-threatening incident, ranging in age from under 12 months to over 80 years, the rescue efforts meant there was no loss of life.



Some of the 389 people in the sea off the west coast of Malaita awaiting rescue



5 PERFORMANCE REPORT—SUPPORT



Forensics

Highlights

- Since the National Forensic Rapid Lab opened in March 2013, more than 6,000 packages containing a total net weight of 930 kilograms of illicit drugs have been examined. The lab, in conjunction with other areas of AFP Forensics, has provided the AFP and Australian law enforcement with a national picture of illicit drug activity through the parcel-post environment.
- During the 2013–14 Christmas and New Year period, AFP Forensics and ACT Policing worked collaboratively to investigate three suspicious deaths in quick succession, including two confirmed homicides. Every resource of AFP Forensics was drawn together to provide responsive and integrated support to ACT Policing.
- AFP Forensics has been redeveloping its quality management system in order to enhance its operational applicability. This process-driven, risk-based system will directly support forensic operations. AFP Forensics' expertise in quality management has already assisted the newly established Investigations Standards and Practices Group in its strategy to develop quality management protocols.

OBJECTIVE

The Forensics function provides forensic science and technical intelligence capability to the AFP and is the sole provider of this capability to the Commonwealth. AFP Forensics continues to be a leader in its field, both domestically and internationally, and its operations have been integral to the successful investigation and prosecution of all crime types. AFP Forensics continues to contribute to national security and regional capability development and is managing the delivery of a new forensic facility that will be fully operational by late 2015.

AFP Forensics provides forensic science services to the AFP, the ACT Government and other critical Commonwealth priorities. Collaboration with domestic and regional partners enables the AFP to contribute its forensic science and technical intelligence expertise to law enforcement activities and operations.

The Forensics function provides support to other areas of the AFP, including ACT Policing, the Crime Program, Child Protection Operations and Counter Terrorism. AFP Forensics also conducts research that addresses emerging operational capability gaps and opportunities identified in the AFP Strategic Capability Plan.

PARTNERSHIPS

Throughout 2013–14, AFP Forensics worked closely with external partners in support of investigations and operations.

Operation Gillham was an AFP-led investigation into a significant organised crime group operating in New South Wales and Queensland. The operation was a joint response with investigators and forensic specialists from the AFP, the NSW Police Force, the Queensland Police Service and NSW Fire and Rescue. The successful operation disrupted a clandestine methamphetamine laboratory and an extensive tablet manufacturing operation.

AFP Forensics worked closely with the Australian Customs and Border Protection Service (ACBPS) to examine international mail packages identified as suspicious. Using the data collected from the examinations, a joint AFP and ACBPS team produced intelligence reports to support domestic and international law enforcement activities.

AFP Forensics piloted an international DNA exchange protocol with foreign and domestic law enforcement agencies. Conducted under existing Australian legislative frameworks, this successful pilot highlighted the value of moving towards a more systematic exchange platform and paved the way for a more routine international DNA exchange. The pilot provides a framework, facilitated by the AFP and supported domestically by the Queensland and Western Australian police jurisdictions, for the release of Australian DNA profiles that can be searched directly against the DNA databases of the selected foreign partners.

The Pakistan Forensic Capacity Building Project, which drew to a close at the end of 2013–14, has been successful in establishing the Pakistan Forensic Leadership Forum. The forum brings together the key stakeholders of the project from national and regional forensic and policing agencies across Pakistan to collaborate and take ownership of the development and delivery of a sustainable forensic capacity in Pakistan.

FORENSICS TECHNOLOGY LEADERSHIP

AFP Forensics continues to explore and adapt new technologies to provide high-level support to investigations and operations. Cutting-edge search technologies are providing invaluable assistance to AFP and partner agency investigations. Through enhanced forensic search protocols and the introduction of specialist geomatics and imaging technologies, AFP Forensics now provides timely and accurate interrogation of potential evidence hidden within a scene. These new techniques have enabled AFP Forensics to more efficiently support investigations, with significant results, specifically in the recovery of illicit materials.

Through collaboration with state and territory police jurisdictions, AFP Forensics led the implementation of the National Threat Letter Database. The database is a collection of threatening and anonymous letters examined by AFP Forensics document examination teams nationally. The project uses contemporary technology to collate and record data, such as the forensic information system for handwriting, a nationally unique piece of software used to store and search handwriting. The new technology will assist in identifying and disrupting serial offenders who may be targeting public officials locally and nationally.

The digital forensics environment continues to be characterised by increasing volumes of mobile device seizures. Over the past 12 months, AFP Forensics concentrated on providing frontline investigators with the support they need to extract and intelligently use data. This included introducing additional tools for examining mobile devices and developing new solutions to improve the intelligence picture and gain efficiencies in the digital evidence handling process. Digital evidence investigator workstations were upgraded to provide a more responsive, flexible and scalable solution for frontline investigators.

NATIONAL AND INTERNATIONAL COLLABORATION

AFP Forensics continues to support the Enhanced National Intelligence Picture on Illicit Drugs (ENIPID) project, which, following agreement by the Attorney-General's Department, will include the development and implementation of a drug monitoring system to facilitate information exchange on new psychoactive substances, profiling of cocaine samples and integration of the National Illicit Tablet Logo Database into the ENIPID database.

AFP Forensics deployed a disaster victim identification team to Pakse, Laos, in October 2013, following the crash of Lao Airlines Flight 301. Forty-nine people, including six Australians, were killed in the crash. The team worked with experts from France, Laos and Thailand to identify the victims.

AFP Forensics contributed to AFP and law enforcement research and policy matters during 2013–14 by taking a leading role in national and international forums in providing advice on:

- biometrics, including the Commonwealth and National Biometric Interoperability Frameworks; DNA kinship matching; and introduction of a nationally consistent policy on familial searching, DNA statistical interpretation, facial recognition and fingerprints
- firearms, including the development of the Australian Ballistic Information Network, which aims to deliver a national integrated capability for the timely sharing of ballistic data across Australian police jurisdictions to achieve investigative and intelligence benefits. The network is a major reform agreed to by the Standing Council on Police and Emergency Management to deal with the illegal firearms market
- drugs, through the implementation of the Commonwealth Government's New Psychoactive Substances Framework
- international capacity development and training for Pakistan and Pacific island countries, including digital forensic training at the Cyber Crime Investigation Centre in Jakarta, Indonesia
- research into new methods of human identification, including profiling to support the disruption and investigation of major crime.

Delivery of a new forensic facility

The AFP initiated a project in 2011 to design, develop and deliver a new purpose-built forensic facility. The new facility will be fully operational by the end of 2015.

AFP Forensics is shifting towards a service delivery model that places both investigative and judicial processes at the centre of its activity. The new facility has been designed to support and enable the transition to the new model.

The new model will allow AFP Forensics to contribute rapid intelligence to investigations, as well as more considered opinions based on rigorous analysis when required for judicial proceedings.

The new facility is built around a forensic operations hub that provides for triage, case conferencing, development of forensic investigation plans, associated work allocation and client reporting.

A purpose-built facility is an investment in the assurance of AFP evidence and input to investigations, as well as the future performance of forensic services. This means that the AFP can continue to use contemporary science and best-practice approaches to have the maximum disruptive effect on criminal activity and threats to national security



Architect's rendering of the new forensic facility



The new forensic facility under development

Intelligence

Highlights

In 2013–14 AFP Intelligence:

- contributed to 876 AFP and partner agency investigations
- disseminated 3,765 reports in support of operations, national security and strategic decision-making—a 25 per cent increase over the previous year
- committed 16 Australia-based members to the AFP-led Disruption and Deterrence Task Group under Operation Sovereign Borders and established five intelligence officer positions in Dubai, Indonesia, Sri Lanka, Pakistan and Malaysia
- delivered the Advanced Intelligence Program to the Philippine National Police in Davao and to the Royal Thai Police in Bangkok
- increased the number of AFP human sources by 25 per cent.

OBJECTIVE

The Intelligence function provides advice to the AFP’s strategic and operational decision-makers on law enforcement and national security priorities, especially serious and organised crime and counter-terrorism. It also provides high-value covert services to enable law enforcement to disrupt criminal activity in Australia and offshore. The Intelligence function cooperates with law enforcement partners in national and international operations and participates in multi-agency taskforces and forums.

LAW ENFORCEMENT AND NATIONAL SECURITY OPERATIONS

AFP Intelligence officers contribute to AFP operations by:

- identifying targets and investigative opportunities
- collecting, collating, analysing and assessing information to produce intelligence for investigations.

Two examples of the Intelligence function’s input into AFP investigations in 2013–14 follow.

Operation Rathlin

An AFP Joint Counter Terrorism Team was investigating the activities of a predominantly Sydney-based network that was allegedly facilitating the travel of Australians to Syria to engage in armed conflict with proscribed terrorist groups.

AFP Intelligence made a significant contribution to this investigation, building a comprehensive picture

of the network and discovering convergences with other AFP counter-terrorism investigations.

The AFP arrested two people on 3 December 2013. They were charged under the *Crimes (Foreign Incursions and Recruitment) Act 1978* in relation to preparations for incursions into a foreign state for the purpose of engaging in hostile activities.

COVERT POLICING CAPABILITIES

Covert policing enables the AFP to obtain evidence or intelligence for law enforcement investigations in a secure, ethical and accountable manner.

An example of the AFP's covert policing activities in 2013–14 follows.

COOPERATION WITH NATIONAL AND INTERNATIONAL PARTNERS

To enhance operational outcomes, the AFP shares intelligence on law enforcement and national security matters with key domestic and international law enforcement partners, the Australian intelligence community and other public and private sector agencies.

Some examples of the Intelligence function's work with partner agencies in 2013–14 are provided below.

Operation Telfair

Covert policing activities provided evidence which contributed to the identification of an organised crime network involved in over \$1 million worth of intellectual property rights offences. To date the operation has resulted in three men being

prosecuted for selling unauthorised Foxtel services to thousands of people, seizures of property and commencement of actions under proceeds of crime legislation.

Operation Kimsit

AFP Crime Operations was investigating the activities of a people-smuggling agent who had been based in Indonesia and was now residing in Australia. The agent was alleged to have been responsible for organising illegal maritime arrivals on six suspected illegal entry vessels.

AFP Intelligence identified the people-smuggling agent, connected the agent to multiple ventures and identified potential witnesses. The AFP arrested the people-smuggling agent and charged him with 12 offences under section 233(a) of the *Migration Act 1958*.

Operation Frango

Operation Frango was a Joint Organised Crime Task Force investigation that was initiated as a result of a referral from the Australian Crime Commission. It focused on the importation of border-controlled drugs by an Australia-based syndicate.

Through analysis of telecommunications information, AFP Intelligence identified a number of overseas telephone numbers associated

with people responsible for providing drugs to the Australian syndicate. The intelligence was conveyed to the Royal Malaysia Police, which commenced an investigation that culminated in the arrest of five Malaysian nationals and the discovery of a clandestine methamphetamine laboratory in Penang in November 2013. The Royal Malaysia Police seized 20 kilograms of ecstasy tablets, 14 litres of liquid methamphetamine, 61 kilograms of methamphetamine and 3 kilograms of heroin.

Silk Road investigation

Silk Road was an online black market used by thousands of dealers to traffic illicit goods. In September 2013 AFP Intelligence received a request from the US Federal Bureau of Investigation for assistance regarding the activities of Silk Road user SameSameButDifferent.

AFP Intelligence identified SameSameButDifferent as a Brisbane-based Australian citizen, scrutinised his covert activities and provided forensic intelligence capability during the execution of the search warrant.

The AFP arrested the offender on 20 December 2013. He was extradited to the United States on 5 June 2014 for conspiring to traffic illicit drugs, hacking computers and laundering money. He faces a maximum sentence of life in prison if found guilty.



A typical Silk Road illicit drug postal importation

Operation Sasanoa

Operations Sydney Airport engaged the Joint Airport Intelligence Group to analyse similarities in the concealment method of cocaine imports detected at Sydney Airport. The method involved inserting a supportive lining containing cocaine into suitcases.

AFP Forensic Drug Intelligence was also analysing this concealment method and confirmed that 17 suitcases (nine attempted imports) had been identified across Brisbane, Sydney and Melbourne between August 2011 and August 2013. The concealment method was also consistent with nine attempted imports identified by the US Drug Enforcement Administration across six European countries.

Analysis by the Joint Airport Intelligence Group and the Australian Customs and Border Protection Service identified two persons of interest. On 17 December 2013 AFP Crime Operations, in partnership with AFP Intelligence, conducted a controlled operation which resulted in the arrests of both persons of interest. They were charged with:

- importing into Australia a marketable quantity of a border-controlled drug, namely cocaine, contrary to section 307.2 of the *Criminal Code Act 1995*
- attempting to possess a marketable quantity of a border-controlled drug, namely cocaine, contrary to section 307.6 of the *Criminal Code Act 1995* by virtue of section 11.1.

MULTI-AGENCY TASKFORCES

During the year AFP Intelligence worked with partner agencies in the Criminal Assets Confiscation Taskforce, the Polaris, Jericho, Echo and Trident waterfront taskforces, the Joint Organised Crime Group, the Joint Organised Crime Task Force, the Joint Intelligence Group, the Operation Sovereign Borders Disruption and Deterrence Task Group, the Defence Abuse Response Taskforce, the Royal Commission into Institutional Responses to Child Sexual Abuse, the Joint Anti Child Exploitation Team and the National Anti-Gangs Squad.

Australian Gangs Intelligence Coordination Centre

AFP Intelligence established the Australian Gangs Intelligence Coordination Centre in July 2013 before assisting with the transition of the capability to the Australian Crime Commission in December 2013. AFP Intelligence had two members seconded to the coordination centre during 2013–14 to contribute to the development of the national and transnational picture of criminal gangs impacting on Australia.

National Anti-Gangs Squad strike teams

The AFP also provided intelligence support to the National Anti-Gangs Squad. Strike team analysts based in Brisbane, Sydney and Melbourne have played an important role in the sharing of intelligence between Commonwealth agencies and state jurisdictions in support of operational activity targeting outlaw motorcycle gangs, including coordinated search warrant activity and days of action.

FORUMS AND COMMITTEES

Internationally, AFP Intelligence participates in the Strategic Alliance Group and its Criminal Intelligence Advisory Group, the Global Intelligence Forum and the Joint Narcotics Analysis Centre.

Nationally, AFP Intelligence participates in the Aviation Security Advisory Forum, the Australian Criminal Intelligence Forum, the National Border Targeting Centre, the Aviation Intelligence Joint Working Group, the Australia – New Zealand Counter-Terrorism Committee, the National Intelligence Collection Management Committee and the National Intelligence Coordination Committee.

National intelligence community committees

Throughout 2013–14 the Intelligence function supported whole-of-government strategic coordination of national intelligence through its active participation in the National Intelligence Coordination Committee. The AFP assisted the committee in its efforts to address emerging national security issues.

As a member of the National Intelligence Collection Management Committee, the AFP developed and contributed to several high-level intelligence requirements and evaluation papers related to national intelligence priorities.

TRAINING

From 13 to 17 January 2014 the AFP held its first skills enhancement course for Joint Intelligence Group officers. Participants comprised members of the AFP, other law enforcement agencies, the Australian Defence Force, the Australian Customs and Border Protection Service, the Attorney-General's Department and the Australian Security Intelligence Organisation.

The AFP also offers offshore intelligence training packages to assist partner agencies to build their capacity for intelligence operations. The courses are developed in conjunction with AFP offshore posts to meet the challenges and issues faced by each country. In 2013–14 the AFP delivered:

- training at the Jakarta Centre for Law Enforcement Cooperation in Indonesia
- the AFP International Criminal Intelligence Program to police in Abu Dhabi
- the Advanced Intelligence Program to the Philippine National Police in Davao and to the Royal Thai Police in Bangkok
- the National Strategic Intelligence Course (administered jointly with Charles Sturt University and the Australian Crime Commission) to Criminal Intelligence Advisory Group members in Washington and to international participants in Singapore.

PUBLICATIONS

In 2013–14 the Intelligence function disseminated 3,765 reports in support of operations, national security and strategic decision-making to national and international partners such as the Strategic Alliance Group and Europol. This was a 25 per cent increase over the number of reports disseminated in the previous year. AFP Intelligence also disseminated 1,696 reports on behalf of the Australian Security Intelligence Organisation, the Office of National Assessments, the Australian Crime Commission and international partners such as the UK National Crime Agency (formerly Serious Organised Crime Agency), Interpol and Europol.

Operations Support

Highlights

In 2013–14, AFP Operations Support managed the development of a strategic capability framework designed to assist the organisation to anticipate and adapt to emerging operational and technological trends. This will assist the AFP to make investment decisions to enhance capability and to better develop, manage and utilise existing capabilities.

OBJECTIVE

The Operations Support function provides centralised coordination of operations, including responses to crises. The function also manages corporate communications and the AFP's security framework and oversees the development of systems to support operational capabilities.

AFP OPERATIONS COORDINATION CENTRE

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

- facilitation of Interpol and Europol requests
- initial management of family law recovery orders and family law arrest warrants
- management of the watch lists for the AFP, including watch lists for state and territory police services and Commonwealth and state authorities
- initial management of the National Child Offender System (formerly the Australian National Child Offender Register) alerts
- provision of the AFP national radio communications network
- facilitation of AFP inquiries with external agencies, including telecommunications providers
- receipt and evaluation of investigation referrals from the public, client agencies and law enforcement partners.

In 2013–14, the AOCC processed operational requests comprising:

- 73,733 Interpol and Europol communications (including Interpol search requests)
- 532 family law recovery orders and arrest warrants
- 1,959 National Security Hotline reports
- 9,041 information reports.

The AOCC also supports the coordination of AFP crisis and emergency management responses to incidents and the AFP command, control and coordination of select complex operations and planned major events. The AFP, through the AOCC's Incident Coordination Centre, works with government and law enforcement partners during whole-of-government response and consequence management operations.

CORPORATE COMMUNICATIONS

In 2013–14, the National Media Team oversaw a large number of media activities, including:

- 2,142 public media inquiries
- 530 sets of talking points for AFP spokespersons
- 163 media releases
- 23 media conferences.

As part of the AFP's multi-channel communications approach, the AFP's Twitter and YouTube accounts were launched in February 2014. The Twitter account is currently followed by approximately 350 journalists, opinion leaders and members of the public. So far, the National Media Team has uploaded 21 videos to the AFP YouTube channel, which received more than 4,000 views during the reporting period.

These accounts build on the success of the AFP Facebook page, which, by 30 June 2014, had achieved over 70,000 'likes' and reached more than 10 million people with its most successful posts.

The Strategic Communications Team develops and delivers a range of internal and external communication initiatives. Key community awareness campaigns during 2013–14 included:

- National Missing Persons Week
- International Missing Children's Day
- Identity Fraud Awareness Week
- Australia-wide ThinkUKnow cybersafety program events
- National Police Remembrance Day.

The AFP's key stakeholder publication, *Platypus Magazine*, was published twice during the reporting period.

LEGAL

AFP Legal delivers specialist independent legal services across the whole of the AFP.

In 2013–14 AFP Legal:

- managed the AFP's submissions and responses to the Eastman Inquiry
- provided advice on approximately 3,000 matters.

AFP Legal contributed to investigative capability development by delivering more than 50 different investigative training packages and a number of critical governance projects including the Model Brief, and the Investigations Standards and Practices initiative.

AFP Legal works with all operational areas of the AFP to assist them in advancing their activities and priorities in line with the AFP's strategic objectives. In 2013–14, AFP Legal delivered significant advice, support and assistance to all operational and functional areas of the AFP, including in relation to complex counter-terrorism investigations and Federal Court litigation.

AFP Legal provided extensive commercial and governance advice to the AFP in support of the forensic facility project and dedicated support to G20 planning and preparedness, including legislative reform, technical capability and governance advice.

The role of AFP Legal in advising on the Spectrum Program was significant throughout the contract negotiation phase and continues through the implementation of the contract.

AFP Legal advises extensively across the AFP on a broad range of workforce management issues and in complex industrial negotiations such as Project Macer and Project Ampla, the Single Overseas Determination and the AFP enterprise agreements.

PROCEEDS OF CRIME LITIGATION

As part of the AFP-led multi-agency Commonwealth Criminal Assets Confiscation Taskforce, the Proceeds of Crime Litigation (POCL) function contributes to the outcome of disrupting and deterring serious and organised crime by taking the profit out of crime.

In 2013–14, POCL:

- hosted prosecutors from Brunei in Melbourne to assist in developing the capacity of the Attorney General’s Chambers of Brunei Darussalam
- facilitated a secondment from the Papua New Guinea Office of the Public Prosecutor to POCL under the Queensland Office of the Director of Public Prosecutions placement program
- participated in the 31st International Symposium on Economic Crime in Cambridge, England, in September 2013
- continued work with the Camden Asset Recovery Inter-Agency Network and played an active role in the establishment of the Asset Recovery Interagency Network—Asia Pacific
- was represented at the United Nations Office on Drugs and Crime’s workshop in Calabria, Italy, on the management, use and disposal of frozen, seized and confiscated assets
- extended regional engagement by hosting a conference of Australian, New Zealand, Papua New Guinean and Indonesian senior practitioners on proceeds of crime and asset management in August 2013, and by participating in the Regional Asset Forfeiture Conference in Indonesia in May 2014.

POCL contributed to the successful restraint of \$134 million in criminal assets in 2013–14, making it the most successful year to date.

POCL continued to develop international and domestic stakeholder relationships by maintaining active participation in networks such as the Camden Asset Recovery Inter-Agency Network. The Camden network provided the model for the establishment of the Asset Recovery Interagency Network—Asia Pacific in the Asia–Pacific region. POCL actively supported the network’s establishment and participated in the steering group in Indonesia in May 2014. This was an important opportunity for the AFP to participate in the development and structure of the network, which will be used by POCL and others in the Criminal Assets Confiscation Taskforce.

POCL was also actively involved in legislative reform and policy, including the Crimes Legislation Amendment (Unexplained Wealth and Other Measures) Bill 2014.

SK Foods

The successful settlement in November 2013 involving SK Foods Australia, its parent company and its US Trustee in Bankruptcy is a landmark case under Australia's *Proceeds of Crime Act 2002*.

The AFP restrained and obtained from the Supreme Court of Victoria restraining and forfeiture orders worth nearly \$50 million based on offences committed by California tomato baron Scott Salyer (who was convicted in the US of racketeering) in relation to the US parent company of SK Foods. This was the second largest proceeds of

crime case mounted in Australia based on funds restrained. It was the first time the Commonwealth had pursued the recovery of proceeds of crime in the context of a large corporate insolvency involving litigation under the *Proceeds of Crime Act*.

As part of the settlement of the case, the court further ordered, pursuant to section 77 of the *Proceeds of Crime Act*, that 95 per cent of the funds forfeited be paid by way of compensation to US interests who were creditors and victims of Salyer's offending.

SECURITY

The Security branch enhances the AFP's security culture by implementing the Commonwealth Protective Security Policy Framework, which enables the conduct of AFP operations in a secure environment. The branch:

- ensures the security of AFP personnel, assets and information
- provides risk-reduction strategies for both internal and external threats to security
- continues to improve the security reporting regime to identify security trends and to better enable an efficient and effective response to support AFP operations
- continues to enhance the confidence of partner agencies in AFP security practices.

In 2013–14, the Security branch:

- continued to implement the Protective Security Policy Framework to ensure the secure conduct of the AFP's disruption, prevention, community policing and international engagement operations
- enhanced the AFP's information security protections through the introduction of the AFP Cyber Security Alert Level (AFP CyberSAL) system. AFP CyberSAL monitors the threat environment, implements risk treatments and communicates changes in security alert levels to all AFP staff
- completed the program of security assessments for all AFP international locations and operational missions.

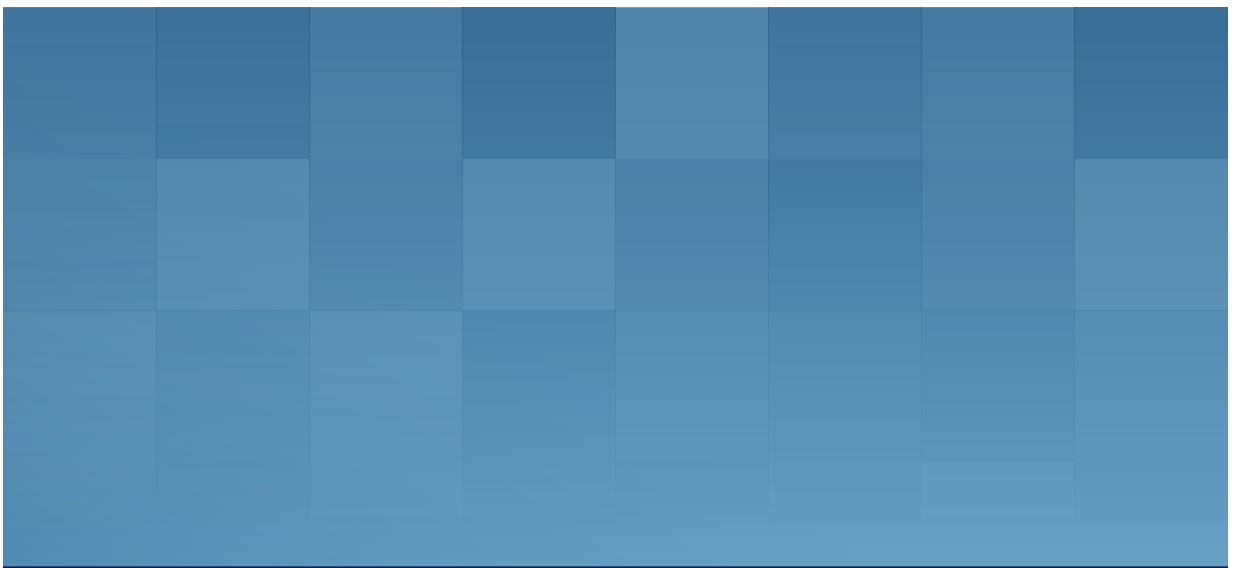
SPECTRUM AND STRATEGIC PROGRAMS

The Spectrum Program has responsibility for developing next-generation operational systems and processes, including the delivery of major system components to support operational capabilities. The Spectrum Program team continued to work with Elbit Systems of Australia on implementing an investigations, intelligence and incident management system. This project is currently in the system design phase.

The Portfolio Management Office administers the AFP's portfolio, program and project management capability. The AFP's third assessment of portfolio, program and project management was conducted in 2013 and found that the AFP had continued to strengthen its portfolio, program and project management capabilities. Work continued during 2014 to further mature these capabilities.

The National Security Capability Development Team manages the AFP's secure information management strategies and delivers capabilities to enhance the secure environment. The focus during 2013–14 was a project that will enable accreditation of AFPNET to Protected level in accordance with the Protective Security Policy Framework. AFPNET is the main AFP computer system used to process, access and store information.

A review of the AFP's management of operational, support and enabling capabilities has identified the extent to which the AFP is able to meet current and future strategic objectives, operational challenges and organisational priorities. In 2014, the AFP's Strategic Capability Plan was endorsed by the Strategic Leaders' Group. This plan has been designed to assist the AFP to anticipate and adapt to emerging operational and technological trends as well as better manage and utilise existing capabilities for the next three to five years.



6 GOVERNANCE AND ACCOUNTABILITY



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

Highlights

In 2013–14, the AFP's governance and accountability functions:

- established a mobility working group to provide the AFP with a workforce profile that meets its needs in the increasingly complex national and international arena
- were recognised twice at the annual Australian Workplace Equity Index Awards:
 - the AFP was the highest ranking public sector employer in advocating for gay, lesbian, bisexual, transgender and intersex employees
 - the AFP came first in the employee networks category for its Gay and Lesbian Liaison Officer Network
- increased the proportion of Aboriginal and Torres Strait Islander AFP members to 1.4 per cent
- created the AFP Ability advisory group, an employee network for AFP members with disability and those who care for people with disability
- finalised an integrity-based training package for inclusion in the AFP's online learning management system
- integrated risk assessment training into the AFP's induction training and operational courses and workshops
- improved the AFP's results in the Comcover Risk Management Benchmarking Survey for the fourth year in a row
- established the 'One AFP' project to ensure efficient, effective and streamlined delivery of support services
- received positive feedback on the AFP's key performance indicators and performance reporting in the Australian National Audit Office's report on a pilot project to audit key performance indicators
- under Program Jupiter, completed two new AFP Aviation Operations Centres at Melbourne and Perth airports and two AFP Canine Operations Centres (one at Cairns Airport and one at Adelaide Airport)
- completed a driver training track and a corporate warehouse at Majura in Canberra
- commenced the construction phase of the new forensic facility at Majura.

Corporate governance

KEY COMMITTEES FRAMEWORK

The AFP's key committees framework sets out the agency's primary decision-making forums and outlines their responsibilities, membership, meeting frequency and accountabilities.

Strategic committees

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

- Finance Committee and its subcommittee, the Performance and Budget Monitoring Committee
- Quarterly Strategic Human Resource Forum
- Audit Committee
- Security Committee
- Remuneration Committee
- Strategic Investment Committee
- International Policy Coordination Group
- Knowledge and Innovation Committee
- Board of Studies
- National Managers' Forum.

Operational committees

The operational committees were established to facilitate senior managers' operational awareness and provide a forum for effective prioritisation across the organisation without an emphasis on the priorities of any one function. The operational committees are:

- Witness Protection Committee
- AFP Operations Committee
- Weekly Operations Committee
- Operational Safety Committee.

Governance committees

The governance committees ensure cross-function interactions on key corporate matters. The governance committees are:

- National Work Health and Safety Committee
- National Awards and Recognition Committee.

DISCRETIONARY GRANTS

Information on grants awarded by the AFP during the period 1 July 2013 to 30 June 2014 is available at www.afp.gov.au/about-the-afp/accountability-requirements/grants.

RISK MANAGEMENT AND INSURANCE

As an operational law enforcement agency, the AFP embraces risk management as an integral part of its business. The AFP’s risk management framework is aligned with international standards and Comcover’s better practice guide on risk management.

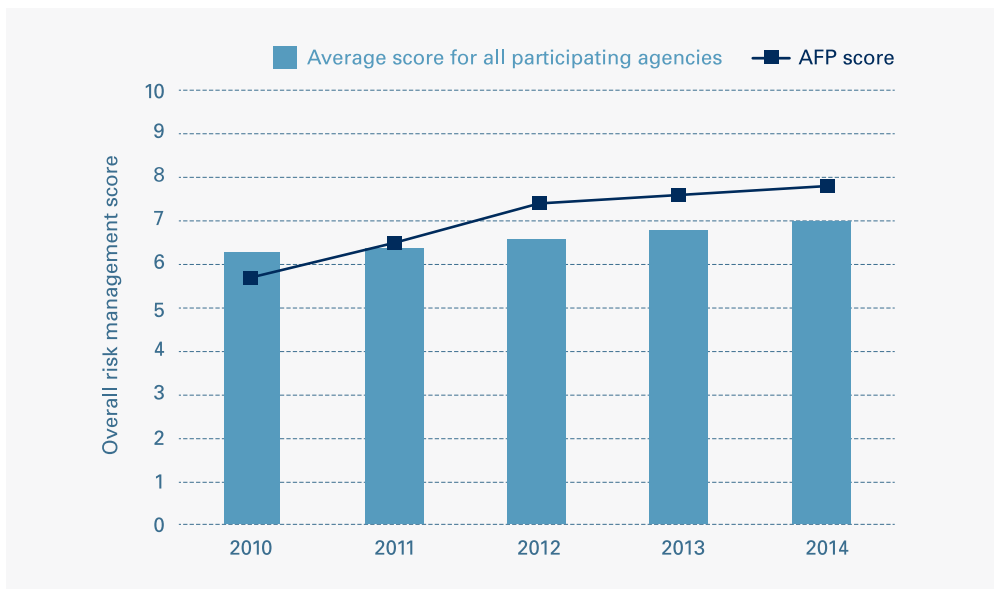
Risk management is embedded in AFP business planning, operations, procurement and contract management, and project management. Risk management also features in the AFP Leadership Philosophy and is actively considered in internal resource allocation and investment decision-making.

During 2013–14, the AFP’s risk management governance was further strengthened through:

- integration of risk assessment training into the AFP’s induction program and targeted operational courses and workshops
- refinement of guidance materials to enable further integration of risk management into business processes
- implementation of a consistent approach to communicating and reporting on risk and raising awareness of the importance of risk management across the organisation.

Comcover insurance is a key component of the AFP’s strategy for mitigating and managing financial risk. The AFP’s efforts to strengthen risk management led to further improvement in its results in the annual Comcover risk management benchmarking survey. The survey encourages agencies to adopt a best-practice approach to managing risk. The AFP has continued to improve its rating from an overall score of 5.7 out of 10 in 2010 to 7.8 out of 10 in 2014, and is well placed in comparison with other Commonwealth agencies (see Figure 9).

FIGURE 9 TREND IN COMCOVER RISK MANAGEMENT BENCHMARKING SURVEY RESULTS, 2010 TO 2014



BUSINESS CONTINUITY PLANNING

The AFP has business continuity plans in place for each of its key sites across Australia. Exercises to test the plans are held every six months, with a focus on three scenarios: loss of infrastructure, loss of ICT systems, and loss of people.

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

The AFP is continuing with its Business Continuity Management Improvement Project to address several recommendations from an internal audit of the AFP's business continuity management. The project continued to deliver stronger governance and processes in 2013–14, with the testing of the strategic Business Continuity Management Committee (Operation Obtineo) through an annual desktop exercise.

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 Fraud Control and Anti-Corruption Plan and policy statement apply to all appointees, contractors and service providers and are consistent with the AFP's professional standards framework.

Fraud and corruption risks are reviewed regularly, and progress on the implementation of the plan is monitored by the Strategic Leaders' Group and the Audit Committee as part of their oversight and assurance roles in accordance with the requirements of the *Commonwealth fraud control guidelines 2011*.

The AFP has made significant progress in implementing the plan to further strengthen its fraud and corruption risk controls, particularly in risk-prevention and awareness-raising activities.

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

INTERNAL AUDIT

The AFP Executive-endorsed annual internal audit program was delivered through a mix of in-house and external resources. In 2013–14, the AFP Audit Committee met five times and considered 14 internal audit reports. The development of the annual internal audit program was informed by risk assessments that identified the AFP's most significant potential vulnerabilities. Responsibility for implementing recommendations from the internal audit and relevant audits by the Australian National Audit Office was allocated to AFP business units by the Audit Committee, and progress was monitored through regular implementation reporting to the Audit Committee.

Ecologically sustainable development and environmental performance

The AFP's ICT function has achieved, and indeed exceeded, the minimum requirements for most elements of the Australian Government ICT Sustainability Plan 2010–15.

The AFP has implemented a range of enhanced ecologically sustainable development measures, including the National Australian Built Environment Rating System and the use of environmentally efficient design, sustainable materials and recyclable products. Ongoing projects include:

- waste management systems that include segregation of waste into recyclable, organic and waste-to-landfill
- energy-efficient lighting and lighting control systems
- water conservation technology and rainwater harvesting.

The ICT work undertaken to meet the targets defined in the plan included implementing strategies for more efficient and effective power usage in data centres, continued virtualisation of ICT equipment, and implementation of policies and processes that support a reduced environmental footprint.

Within the targets of the Australian Government ICT Sustainability Plan 2010–15, the AFP has achieved:

- power and cooling efficiencies at the AFP Data Centre, resulting in cost savings and power usage efficiency
- ongoing consolidation and virtualisation of ICT equipment, reducing the physical footprint, costs and power usage.

External scrutiny

JUDICIAL DECISIONS AND DECISIONS OF ADMINISTRATIVE TRIBUNALS

During 2013–14 there were no judicial decisions or decisions of administrative tribunals that have had, or may have, a significant impact on the AFP.

However, dedicated regionally based quality-assurance teams were implemented, in part as a result of the judicial review of the AFP's actions in the Seven West matter.

COMMONWEALTH OMBUDSMAN REPORTS

Reviews of AFP complaint management

Division 7 of Part V of the *Australian Federal Police Act 1979* (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 annually to parliament on the Ombudsman's work and activities under that Part.

During the reporting period, the Ombudsman published the findings from the inspection period 2012–13. This review found that, overall, the AFP's administration of matters under Divisions 3 and 4 of the AFP Act is comprehensive and adequate.

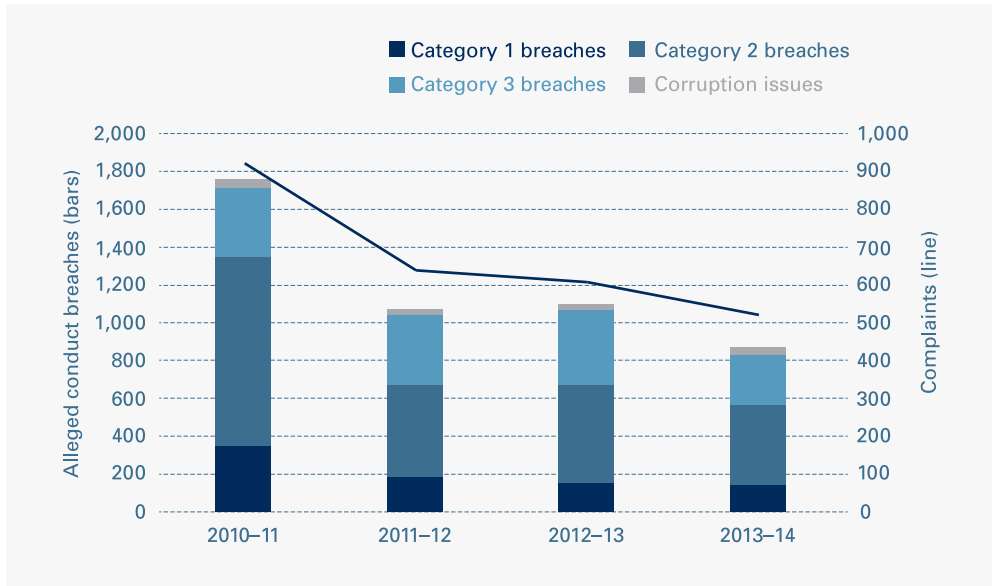
During the 2013–14 inspection period, the Ombudsman reviewed the records of the AFP pursuant to Division 7 of the AFP Act; however, the final report has not yet been published.

Complaint management

Part V of the AFP Act defines the categories of conduct for AFP appointees. Category 1 is the least serious category and relates mainly to customer service issues. Category 2 is minor misconduct and category 3 is serious misconduct. Corruption issues are referred to the Australian Commission for Law Enforcement Integrity (ACLEI).

The number of new breaches received by the AFP decreased from the previous reporting period; 263 category 3 breaches were received in 2013–14 compared with 398 in 2012–13 (See Figure 10). The number of category 1 and 2 complaints recorded also decreased; 564 breaches were received in 2013–14 compared with 670 in 2012–13. See Appendix A for further statistics.

FIGURE 10 TREND IN THE NUMBER OF COMPLAINTS AND ASSOCIATED BREACHES, 2010–11 TO 2013–14



Categories of Conduct Determination 2013

Under section 40RM of the AFP Act, the Commissioner and the Commonwealth Ombudsman may jointly determine categories of conduct for the purposes of the Act. The Commissioner and the Commonwealth Ombudsman reviewed the Categories of Conduct Determination 2006 and signed a new instrument (the Categories of Conduct Determination 2013) on 5 July 2013.

The Categories of Conduct Determination 2013 provides greater clarity and alignment with Part V of the AFP Act and includes explanatory notes for each category of conduct together with clear examples.

STRENGTHENING PROFESSIONAL STANDARDS

The AFP’s relationship with its integrity oversight body, ACLEI, continues to evolve and mature across the four pillars of the AFP’s integrity framework: prevention, detection, response and continuous improvement. The AFP has provided strong support to ACLEI, and other agencies under ACLEI’s jurisdiction, in the area of corruption prevention. The AFP continues to support the ACLEI-led community of practice for corruption prevention by sharing insights into the implementation of a number of strategies.

The AFP works closely with ACLEI, the Commonwealth Ombudsman’s Office and the Australia New Zealand Policing Advisory Agency (ANZPAA) to share experience in the areas of recruitment and selection, recognising and treating integrity risks and building in controls, understanding conflicts of interest and ensuring high confidence in reporting mechanisms and complaint management.

The AFP’s work with its state law enforcement colleagues under the auspices of the ANZPAA Integrity Forum and the working groups on integrity intelligence and integrity testing continues to be a strong medium for benchmarking and learning. Representatives of the AFP chaired both the Integrity Forum and the Integrity Intelligence Working Group in 2013–14.

Education and awareness-raising continue to be key tools in the AFP's integrity framework, and the organisation invests strongly in a continuum of improvement from lessons learned in misconduct investigations through to national and international benchmarking.

In 2013–14, the Professional Standards unit finalised an integrity-based training package that will be included in the AFP's online learning management system. A range of educational programs were offered during the year, such as respectful workplace training, integrity and ethical decision-making workshops for Leadership on the Frontline participants, pre-deployment preparation and mentoring of recruits. Professional standards messaging continued to be promulgated through intranet case studies, computer screensavers and a professional standards communication strategy.

Representatives from ACLEI and the Commonwealth Ombudsman's Office presented at a range of AFP training programs, including the AFP Interagency Integrity Investigators Program and integrity debates by AFP recruits at the conclusion of their training program.

The Professional Standards unit implemented a framework supporting the obligations and processes in the AFP for public officials to make and respond to public interest disclosures under the *Public Interest Disclosure Act 2013* (PID Act). This included a significant body of work to align the AFP's existing complaint management framework under the AFP Act and mandatory reporting requirements with the provisions of the PID Act. Information about the PID Act has been included on the AFP website as well as on the AFP's intranet, and an AFP National Guideline on Public Interest Disclosure has been published.

As part of the AFP's audit program, a review of the drug testing program was conducted to ensure it reflects contemporary testing practice and addresses emerging trends of drug use in the wider community. The AFP is implementing recommendations from the review and progress is reported to the Audit Committee. The AFP has also instituted reforms through the inclusion of performance and image enhancing drugs and benzodiazepines in the testing regime, and work is currently underway to amend drug testing processes under the Australian Federal Police Regulations 1979.

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

AUDITOR-GENERAL REPORTS

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

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

In 2013–14, the AFP was the primary subject of one ANAO performance audit report tabled in parliament by the Auditor-General:

- No. 23—Policing at Australian International Airports.

The AFP was also an active participant in the following cross-agency audits that were completed during 2013–14:

- No. 20—Management of the Central Movement Alert List: Follow-on Audit (stakeholder only)
- No. 21—Pilot Project to Audit Key Performance Indicators Pilot Study Phase 2
- No. 33—Indigenous Employment in Australian Government Entities
- No. 42—Screening of International Mail (stakeholder only).

At 30 June 2014, the AFP was an active participant in the following cross-agency audit that was still in progress:

- Confidentiality in Government Contracts: Senate Order for Departmental and Agency Contracts (Calendar Year 2013 Compliance).

Audit Report No. 23—Policing at Australian International Airports

The ANAO conducted a performance audit of policing at Australia's international airports; the report was tabled in parliament on 13 March 2014.

The ANAO looked at the transition from the previous 'hybrid model' to the 'All In' model, in which all airport police officers are sworn employees of the AFP who are capable of undertaking both counter-terrorism and community policing functions. The ANAO concluded that the AFP is effectively managing the delivery of policing services at Australia's international airports under the new model. The transition was completed in less than the estimated five years and at a cost of \$16 million, significantly less than the anticipated \$32 million. The 'All In' model has delivered resource efficiencies resulting in annual savings of the order of \$10 million (expenditure went from \$84 million in 2009–10 to \$74.1 million in 2012–13).

The ANAO also concluded that:

- the organisational arrangements in place at airports are sound
- internal reporting mechanisms are in place and there is a clear alignment between the AFP's strategic and functional plans and individual airport action plans.

The ANAO found that there was no clear linkage between the AFP's planning for the Aviation function and external assessments of the threat and risk environments across Australia's aviation sector. However, the ANAO noted that the AFP was developing a resourcing model that would take into account all relevant factors in determining staffing levels at each airport.

The AFP agreed to the only ANAO recommendation, which was to provide training courses for AFP officers to maintain appropriate knowledge of state and territory legislative requirements, both of which are applicable at airports.

AUSTRALIAN INFORMATION COMMISSIONER DETERMINATIONS

During 2013–14, the Office of the Australian Information Commissioner made 11 review determinations concerning AFP freedom of information decisions. Of the 11 published determinations, six provided the applicant with greater access to the documents and five upheld the original decision under review. Also during this period a further seven review applications were withdrawn.

PARLIAMENTARY COMMITTEE REPORTS

The Senate Legal and Constitutional Affairs References Committee conducted an inquiry into the processes and powers of the AFP in relation to non-criminal matters. The inquiry was prompted by the execution of *Proceeds of Crime Act 2002* search warrants on the offices of Seven West Media, in pursuit of a literary proceeds investigation into Schapelle Corby.

The committee tabled its report on 15 May 2014. Of the nine recommendations made by the committee, three relate to AFP internal procedures, three relate to proposed reforms to the *Proceeds of Crime Act*, and three relate to the protection of journalists' confidential sources at the investigative stage. The report is available from the Parliament of Australia website (www.aph.gov.au).

The government is currently preparing a response to the committee report in consultation with the AFP and other relevant agencies.

Finance and commercial

The AFP's Finance and Commercial function delivers a range of financial, property, asset management and other services that support the AFP's operations.

During the reporting period, AFP Finance and Commercial provided continued high-standard services to the public and internally to AFP's onshore and international networks. This included improving the efficiency of operations by:

- promoting usage of the online application process for criminal history checks, which is available internationally
- enhancing corporate system functionality, including human resource and financial management
- promoting stronger financial management and governance arrangements
- maintaining a strong control framework underpinned by the *Financial Management and Accountability Act 1997* and preparing for the commencement of the *Public Governance, Performance and Accountability Act 2013* on 1 July 2014
- establishing the 'One AFP' project, which aims to ensure efficient, effective and streamlined delivery of support services.
- continuing the implementation of Program Jupiter, with the completion of two new AFP Aviation Operations Centres in Melbourne and Perth and two AFP Canine Operations Centres in Adelaide and Cairns.
- completing a driver training track and corporate warehouse and commencing the construction stage of a new forensic facility at Majura in Canberra.



AFP Commissioner Tony Negus APM; Senior Constable Craig Manning, with Blaze; and the Minister for Justice, the Hon Michael Keenan MP, mark the opening of the new AFP Aviation Operations Centre at Melbourne Airport

FINANCIAL PERFORMANCE

The AFP's \$1,296 million departmental operating income for 2013–14 comprised \$992 million in government appropriation, \$159 million from the ACT Government for policing services and \$145 million in other revenue. In addition, the AFP received \$31 million in government appropriation for departmental capital expenditure and \$59 million in equity injections for new initiatives. The AFP also administered \$20 million in expenses on behalf of the government in 2013–14.

In 2013–14, the AFP reported a departmental comprehensive loss of \$49 million. Excluding the impact of unfunded depreciation of \$88 million and revaluation gains of \$51 million, the AFP recorded a deficit for the year of \$12 million. The result can be attributed to expenses for the cost of redundancies recognised at the end of the financial year to allow the AFP to establish a sustainable workforce in the future. Overall, the AFP's financial result reflects a successful year in which the AFP met all of its performance targets and delivered effectively for the government on international deployments and aid responsibilities.

Audited financial statements showing the AFP's financial position are in Chapter 7 of this report.

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 2013–14 the AFP conducted a number of major tender processes including the establishment of a police equipment panel, new supply arrangements for audio transcript services, logistical services for the Regional Assistance Mission to Solomon Islands, health support services for the Papua New Guinea – Australia Policing Partnership, cleaning services in the Australian Capital Territory and the Northern Territory, and medical services for the AFP.

The AFP regularly reviews and updates its annual procurement plan and also publishes the *Senate order on departmental and agency contracts* on its website.

In 2013–14 the AFP entered into three 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 in Table 4.

TABLE 4 CONTRACTS WITHOUT AUDITOR-GENERAL ACCESS, 2013–14

Name of vendor	Purpose of contract	Value of contract	Reason
Red Hat Asia-Pacific Pty Ltd	Supply of software licences	\$380,385	The AFP accepted the vendor terms
Microsoft Pty Ltd	Provision of software support	\$282,612	The AFP accepted the vendor terms
Microsoft Pty Ltd	Provision of software support	\$107,800	The AFP accepted the vendor terms

CONSULTANCIES

During 2013–14 the AFP entered into 33 new consultancy contracts. The total actual expenditure on new consultancy contracts in 2013–14 was \$1,346,543. In addition, 15 ongoing consultancy contracts were active in 2013–14, involving total actual expenditure of \$322,814. Information on the value of individual contracts and consultancies is available on the AusTender website (www.tenders.gov.au).

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. Decisions to engage consultants were made in accordance with the *Financial Management and Accountability Act 1997* and related regulations including the Commonwealth Procurement Rules and relevant internal policies.

TABLE 5 EXPENDITURE ON CONSULTANTS, 2011–12 TO 2013–14

	2011–12	2012–13	2013–14
New contracts entered into	46	41	33
Total expenditure (new and ongoing contracts)	\$3,414,754	\$3,415,817	\$1,669,358

Exempt contracts

During 2013–14 the AFP did not publish on AusTender the details of 115 contracts, with a total value of \$48,433,706, because the details would disclose exempt matters under the *Freedom of Information Act 1982*.

Human resources

The Human Resources function delivers contemporary workforce planning, support and policies that underpin AFP outcomes.

WORKFORCE OVERVIEW

The AFP had 6,853 staff at 30 June 2014, including 3,620 sworn police and 639 Protective Service Officers. Forty-four per cent of AFP staff were located outside the ACT, including 347 staff overseas and 93 serving in Commonwealth territories. Thirty-four per cent of AFP staff were female, the same proportion as at 30 June 2013. Further AFP staffing statistics are in Appendix C.

STRATEGIC WORKFORCE PLANNING

During 2013–14, as part of the implementation of the AFP Workforce Plan 2013–2015, a number of high-level strategies for recruitment, career management, learning and development, and organisational mobility were commenced. These strategies have formed the blueprint for the Human Resources function's work.

One outcome of the new strategies was the establishment of an AFP mobility working group. The working group constitutes a component of a broader human resource reform program that aims to provide the AFP with a workforce profile that will meet its needs in the increasing complex national and international environment. The responsibilities of the working group include:

- identifying opportunities to manage the deployment of people in a more proactive way based on AFP organisational data
- providing recommendations to realise the identified opportunities and improve the AFP's processes, procedures and structures.

The mobility working group is supported by a number of committees that are responsible for managing staff deployments across the organisation, such as:

- the National Placements Committee
- the National Placements Subcommittee
- the Quarterly Strategic Human Resource Forum.

EMPLOYMENT FRAMEWORK

The terms and conditions of employment for non-senior executive AFP employees are set out in the AFP Enterprise Agreement 2012–2016 and the AFP Executive Level Enterprise Agreement 2011. All senior executive AFP employees are on a contract and engaged under section 24 of the *Australian Federal Police Act 1979* and declared to be a senior executive AFP employee under section 25 of the Act.

The AFP Enterprise Agreement 2012–2016 applies to all employees classified between Band 1 and Band 8, and the AFP Executive Level Enterprise Agreement 2011 provides the framework for executive-level employees (see www.afp.gov.au/en/jobs/pay-and-conditions).

These employment instruments preserve terms and conditions that reflect the contemporary requirements of a dynamic law enforcement environment yet recognise the current fiscal position of the broader public sector.

Both instruments allow the AFP to deliver business outcomes that reflect the needs of the community while supporting robust corporate priorities and legislative requirements. This flexibility places the AFP in a strong position to build upon organisational success and realise further efficiencies in managing its workforce.

Highlights in 2013–14 included:

- implementation of the Single Overseas Determination—this determination will account for the unique and flexible working environment of AFP employees assigned to international duties and position the AFP as a leader of overseas governance among key Commonwealth agencies
- establishment of the Performance Management Unit—the unit will provide strong ongoing support to the organisation to minimise the escalation of performance management issues.

WORKFORCE DIVERSITY

The AFP recognises that increasing the diversity of its workforce is essential for the AFP to remain relevant and responsive to the needs of the Australian community. The AFP's Workforce Diversity Program has continued to develop and implement goals, strategies and measures designed to include, recruit and retain members from five specific diversity groups in the workforce. These diversity groups are women; Aboriginal and Torres Strait Islander Australians; gay, lesbian, bisexual, transgender and intersex Australians; people with disability (including mental health difficulties); and people from culturally and linguistically diverse backgrounds.

Diversity-related highlights over the past year included:

- increasing the proportion of Aboriginal and Torres Strait Islander AFP members to 1.4 per cent
- winning two awards at the 2014 Australian Workplace Equality Index Awards:
 - the AFP was the highest ranking public sector employer in advocating for gay, lesbian, bisexual, transgender and intersex employees
 - the AFP came first in the employee networks category for its Gay and Lesbian Liaison Officer Network
- establishing the AFP Ability advisory group, an employee network for AFP members with disability and those who care for people with disability
- delivering training courses and conferences, including the Malunggang Indigenous Officers Network Solutions Conference, a Gay and Lesbian Liaison Officers Network course, unconscious bias training, respectful workplace training, and diversity training through the Women's Network.



AFP members with the two awards won by the AFP at the 2014 Australian Workplace Equality Awards. Left to right: Leading Senior Constable Glenda Lomas, Aaron Cowain-Menzies, Natasha Pellicano, Wade Smith and Senior Constable Nik Keeling

Changes to disability reporting in annual reports

Since 1994, Commonwealth departments and agencies 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 Report and the APS Statistical Bulletin. These reports are available on the Australian Public Service Commission's website (www.apsc.gov.au). Since 2010–11, departments and agencies 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 reports will be available in late 2014 on the Department of Social Services website (www.dss.gov.au).

The AFP has contributed to realising the spirit of the National Disability Strategy 2010–2020 by creating an inclusive and accessible workplace and by providing personal and community support (through the AFP Ability advisory group) for people with disability in the AFP and those who care for people with disability.

WORK HEALTH AND SAFETY

The AFP Leadership Philosophy acknowledges that 'AFP employees can exercise leadership in the organisation and in the community by ensuring the health and wellbeing of self and others'. The AFP's Health Services area is committed to supporting the health and wellbeing of all AFP employees to build a stronger, healthier and more resilient workforce.

Health Services takes a multidisciplinary approach to supporting all AFP employees, with an emphasis on education and prevention in line with the AFP Strategic Plan 2012–2015, the risk management framework and the AFP Workforce Plan 2013–2015. The combining of professional medical and wellbeing expertise enables the AFP to actively support the health and safety of its employees and meet its duty of care under the *Work Health and Safety Act 2011*.

Health Services strives to increase the productivity, health and wellbeing of AFP staff by:

- preventing and reducing the number and severity of injuries and illnesses and associated costs
- educating and promoting health, wellbeing and capacity to work
- fostering innovation, quality and efficiency through continuous improvement.

The Work Health Safety and Rehabilitation Team conducted a self-audit of its rehabilitation management systems. As a result, a series of audits of work health and safety management systems is being conducted at overseas missions and operations including Solomon Islands, Christmas Island and Cocos (Keeling) Islands and the internal territory of Jarvis Bay. These audits will be completed by the end of 2014 and will assess compliance with the Work Health and Safety Act and its supporting regulations.

Legislative reporting requirements

During 2013–14, the AFP notified Comcare of 15 incidents under section 38 of the Work Health and Safety Act. The AFP received one provisional improvement notice. There were no formal investigations by Comcare. No notices were issued pursuant to Part 10 of the Work Health and Safety Act. Early intervention injury management was provided for 68 cases.

The AFP's prescribed workers' compensation premium rate for 2013–14 was set at 3.81 per cent, but was revised down to 3.20 per cent for improvement across the injury years 2010, 2011 and 2012. The premium rate has decreased due to the positive performance and joint effort of all areas of the AFP.

Best practice rehabilitation management

AFP Rehabilitation Case Manager Matt Chavasse made the front cover of Comcare's 2012–13 annual report and Matt's story titled 'Someone to watch over me' was featured in a short film at Comcare's annual conference in September 2013.

The film focused on Matt as a high-performing case manager and his efforts to work with an

injured AFP member, Tim Thomson, to get him back to pre-injury levels of health and fitness. The injured member said that he struggled with his knee injury and, had it not been for Matt's commitment and passion, he would not have had the successful recovery that he had. Matt's story highlights the AFP's strong commitment to the health and wellbeing of its members.

PROFESSIONAL DEVELOPMENT

In 2013–14, AFP Learning and Development delivered more than 900 training activities to support the professional development of AFP members across Australia.

During the year, the 55th Management of Serious Crime program and the National Strategic Intelligence Course were conducted with participants from all Australian and several international law enforcement agencies. The programs are focused on enhancing international and domestic capacity to collaboratively manage organised crime and national security threats.

The Regional Investigating Adviser Program was developed and delivered to improve investigations leadership and quality-assurance skills across the organisation.

The Command, Control and Coordination course was delivered to the Royal Thai Police, and an Incident Command and Control Systems Plus workshop was held for members of Pacific island policing law enforcement agencies as part of the Police Development Program. Consistent with the AFP's Leadership Philosophy, these workshops support participants' ongoing development of leadership of self, team and organisation.

The Corporate Training Team provided training to sworn and unsworn staff. A total of 301 members were trained in cultural awareness and 276 in effective internet searching. AFP Learning and Development also delivered 20 Leadership on the Frontline programs and 28 Incident Command and Control Systems Plus workshops across Australia.

The AFP Operational Safety and Protection Team led a multi-portfolio working group to develop the National Security Specialist Operator training continuum, which culminated in the development of the Specialist Operator Level One (SOLO) training program. The program is the first phase of the new National Security Integrated Tactical Training Framework. The SOLO suite of skills provides an integrated tactical capability and intra-operability between the AFP's Close Protection, Air Security Officer, and Specialist Support Team roles.

Recruit training moved to a semester-based model to facilitate continuous improvement. During the year, more than 900 learning outcomes were delivered to 311 police recruits who completed the training. AFP police recruits include former Protective Service Officers converting to sworn police officers through the Federal Police Transition Program.

Jakarta Centre for Law Enforcement Cooperation

During 2013–14, the Jakarta Centre for Law Enforcement Cooperation trained 2,178 participants in 91 programs in leadership, management, forensic services and investigations. Of the participants, 18 per cent were female and 9 per cent were international (non-Indonesian), drawn primarily from ASEAN countries. Over the past 10 years (July 2004 to June 2014), the program has trained 15,882 participants.

Leadership and management remain a priority area for the Indonesian National Police and Regional Police. During the year, two Australian courses (the Regional Executive Leadership Program and the International Management of Serious Crime Course) were conducted at the Jakarta Centre for Law Enforcement Cooperation.



Recruits on Federal Police Transition Program 1/2014 at their attestation ceremony



The recipient of the Federal Police Transition Program 1/2014 Commissioner’s Award for Excellence in Recruit Training, Constable Daniel Briggs (centre), with Commissioner Tony Negus APM and the Prime Minister, the Hon Tony Abbott MP

Information and communications technology

The AFP's ICT function provides the AFP with dependable, secure and integrated ICT infrastructure and services that are capable of supporting the agency's operational and management needs.

During 2013–14, the ICT function commenced a period of stabilisation and consolidation to ensure an efficient and effective platform for ICT delivery in the future. Business-as-usual activities and project work were undertaken to provide support for other AFP portfolios to achieve strategically aligned outcomes.

This work included:

- ACT Policing—upgrading the computer-aided dispatch capability to improve dispatch activities and the automatic vehicle locator system
- Aviation—completing the Program Jupiter Stage 2 rollouts for Canberra and Melbourne, providing AFP members in those offices with access to the same systems as AFP members in National Headquarters
- Policy and Governance—implementing the Parliamentary Document Management System
- Investigations—improving the investigations planning tool to include a training module
- Finance and Human Resources—making changes to SAP, which included upgrades and enhancements to provide increased internal and external functionality and process automation
- Spectrum Program—continuing to prepare data for migration from the current case management system to the new system
- Professional Standards—making system enhancements to improve the administration of complaints handling and to develop a module for managing the public interest disclosure process
- Forensics—deploying DNA analysis software to the Perth AFP Incident Centre in preparation for possible activity following recovery of Malaysia Airlines Flight 370, and connecting LiveScan to AFPNET to allow AFP Forensics experts to make a bigger contribution to achieving the AFP's crime-solving priorities by utilising fingerprints for investigative purposes
- Interpol—implementing an integration project that has automated the process of searching Interpol persons of interest against a number of Australian databases. This has lessened the workload of the AFP Operations Coordination Centre and associated costs, as well as improved functionality in relation to search criteria variations and coverage
- various portfolios
 - rolling out SharePoint 2010 to the International Deployment Group, ACT Policing, Policy and Governance, and Human Resources to improve collaboration and information management
 - upgrading the AFP Parliament House television feed to digital, with free-to-air channels to follow
- external agencies—in collaboration with the Department of Foreign Affairs and Trade, delivering an improved international communications network that provides more reliable technology, a doubling of the bandwidth and considerable cost savings.

AFP ICT also made a number of improvements to the technical environment, as well as strengthened tools, policies and processes, which has led to cost savings, more efficient processes and more robust systems.

The inaugural AFP-led Policing Technology Innovation Conference in September 2013 attracted almost 100 delegates from Australia and overseas to explore the use of technology in new and innovative ways in order to build policing capability. This included the Interactive Constable on Patrol System platform, which has since been endorsed by the Strategic Leaders' Group.

Policy and governance

The AFP's Policy and Governance function ensures that the AFP's advice to and engagement with government, parliament and partner agencies on policing issues is coordinated, accurate, relevant and timely. The function also supports the delivery of AFP outcomes through the management of external reporting and accountability obligations, performance and assurance frameworks, and services.

POLICY

AFP Policy and Governance supported internal decision-making and the AFP's engagement in whole-of-government decision-making processes by:

- supporting the AFP Executive through the National Managers' Forum and Strategic Leaders' Group
- developing policy on international issues of significance to the AFP
- coordinating and assisting with the AFP's contribution to Australia's membership of the United Nations Security Council
- developing the 2014 AFP Environment Scan
- leading AFP engagement in the federal budget process
- contributing to strategic initiatives, including:
 - the Operation Sovereign Borders Joint Agency Task Force
 - the National Organised Crime Response Plan
 - the Australian Customs and Border Protection Service (ACBPS) reform (including the proposed Australian Border Force and the ACBPS-led National Border Targeting Centre)
 - foreign aid program reforms
- contributing to whole-of-government deliberations on issues such as organised crime, the implications of the Syrian conflict for Australia, and Australia's engagement in Papua New Guinea and Bougainville.

Law enforcement liaison

The Policy and Governance function supported strategic AFP engagement with law enforcement partners through the Commissioner's membership of:

- the Australian Crime Commission Board of Management
- the Australia New Zealand Policing Advisory Agency Board of Management
- the Australia New Zealand Police Commissioners Forum
- the CrimTrac Board of Management
- the Heads of Commonwealth Operational Law Enforcement Agencies
- the Law, Crime and Community Safety Council

- the National Justice and Policing Senior Officials Group
- the National Policing Senior Officers Group.

A number of key policy themes were progressed through these forums, including matters relating to serious and organised crime, enhanced information sharing and legislative reform.

Legislative reform

AFP Policy and Governance supported the government's legislative program and independent oversight of Australia's counter-terrorism legislation by enabling the AFP to:

- shape and influence a range of legislative instruments progressed by government, including:
 - the *Court Security Act 2013*
 - the Commonwealth Places (Application of Laws) Regulation 2014
 - the Crimes Legislation Amendment (Unexplained Wealth and Other Measures) Bill 2014
 - the Criminal Code Amendment (Border Controlled Drugs) Regulation 2014
 - the G20 (Safety and Security) Complementary Bill 2014
 - the *Major Sporting Events (Indicia and Images) Protection Act 2014*
 - the Migration Legislation Amendment Bill (No. 1) 2014
- support parliamentary scrutiny of proposed amendments (including private members' or senators' bills), and the effectiveness of existing legislation, through submissions to, and appearances before, parliamentary committees, including:
 - the Senate Legal and Constitutional Affairs Committee's inquiry into the Criminal Code Amendment (Harming Australians) Bill 2013
 - the Senate Legal and Constitutional Affairs Committee's inquiry into the Criminal Code Amendment (Misrepresentation of Age to a Minor) Bill 2013
 - the Senate Legal and Constitutional Affairs Committee's inquiry into the Crimes Legislation Amendment (Unexplained Wealth and Other Measures) Bill 2014
 - the Senate Legal and Constitutional Affairs Committee's inquiry into a comprehensive revision of the *Telecommunications (Interception and Access) Act 1979*
 - the Senate Legal and Constitutional Affairs Committee's inquiry into the current investigative processes and powers of the AFP in relation to non-criminal matters
 - the Senate Legal and Constitutional Affairs Committee's inquiry into the Telecommunications Amendment (Get a Warrant) Bill 2013
 - the Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity's inquiry into the commission's jurisdiction
- engage in other law-reform-related reviews and inquiries, including:
 - the Australian Law Reform Commission's inquiry into serious invasions of privacy
 - the Department of Communications' public consultation on enhancing online safety for children
- engage with the Independent National Security Legislation Monitor in relation to his third and fourth annual reports
- support the government's consideration of the Council of Australian Governments' review of counter-terrorism laws
- engage with the 2014 Victorian Review of Counter-Terrorism Legislation.

Parliamentary and ministerial support

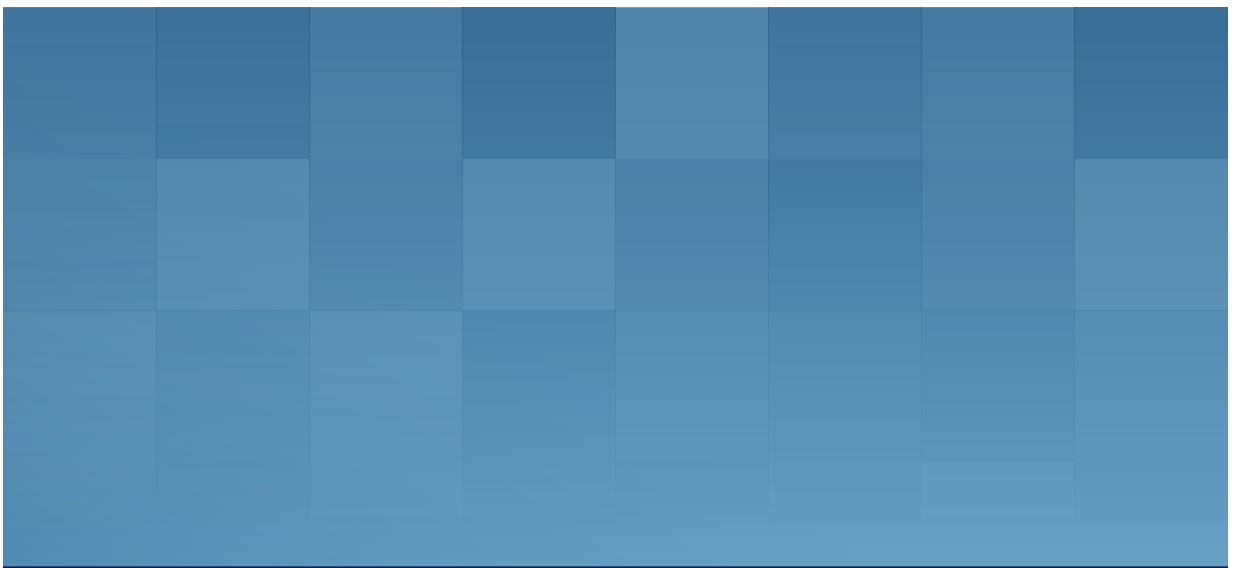
AFP Policy and Governance supported parliament, through the Minister for Justice, by:

- coordinating and preparing ministerial briefings, correspondence and responses to questions on notice in support of parliamentary committees, question time and Senate Estimates hearings
- coordinating the preparation of submissions to parliamentary inquiries and appearances before parliamentary committees, including:
 - the Joint Committee on Law Enforcement’s examination of the AFP’s 2013–14 annual report and the inquiry into spectrum for public safety mobile broadband
 - the Joint Standing Committee on Foreign Affairs, Defence and Trade’s inquiries into the business of aid in the Indo-Pacific and the human rights issues confronting women and girls in the Indian Ocean – Asia–Pacific region
 - the Joint Select Committee on Northern Australia’s inquiry into the development of northern Australia
 - the Senate Standing Committees on Education and Employment’s inquiry into the government’s approach to re-establishing the Australian Building and Construction Commission
 - the House Standing Committee on Social Policy and Legal Affairs’ roundtable on drones and privacy
 - the Senate Standing Committee on Legal and Constitutional Affairs’ inquiry into the incident at the Manus Island Detention Centre from 16 to 18 February 2014
 - the Royal Commission into Institutional Responses to Child Sexual Abuse
 - the Joint Committee on Law Enforcement’s examination of financial-related crime
 - the Joint Standing Committee on Foreign Affairs, Defence and Trade’s inquiry into the government’s response to the Defence Abuse Response Taskforce.

GOVERNANCE

AFP Policy and Governance contributed to business performance, assurance and accountability by:

- managing and delivering the AFP’s internal audit program, including tabling 14 audit reports for consideration by the AFP Audit Committee focusing on aspects of AFP business operations such as security, protection, planning, workplace health and safety, support systems, and financial management. Key outcomes of the audits included streamlining the triage process for child protection operations referrals, improving work health and safety practices and enhancing management of AFP firearms and munitions
- coordinating and developing the AFP performance framework, including the Portfolio Budget Statements and key performance indicators in business plans
- reviewing the AFP’s business planning framework and developing a new model to concisely capture respective areas’ key performance indicators, measures of success and key risks in support of the delivery of business priorities
- developing a new business continuity plan to better align the agency with best practice and identify critical agency priorities
- reviewing and updating the strategic risk profile to inform strategic decision-making
- monitoring and reviewing organisational performance
- delivering AFP compliance obligations under the *Archives Act 1983*
- developing and implementing a privacy reform package, including an AFP privacy policy, to meet the AFP’s obligations under the amended *Privacy Act 1988*
- publishing information on the AFP website in relation to the *Freedom of Information Amendment (Reform) Act 2010* requirements—the AFP’s Information Publication Scheme webpage can be viewed at www.afp.gov.au/about-the-afp/information-publication-scheme.aspx.



7 FINANCIAL STATEMENTS





INDEPENDENT AUDITOR’S REPORT

To the Minister for Justice

I have audited the accompanying financial statements of the Australian Federal Police for the year ended 30 June 2014, which comprise: a Statement by the Commissioner and Chief Financial Officer; Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Administered Schedule of Comprehensive Income; Administered Schedule of Assets and Liabilities; Administered Reconciliation Schedule; Administered Cash Flow Statement; Schedule of Administered Commitments and Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

Commissioner’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Independence

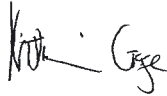
In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

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

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Australian Federal Police's financial position as at 30 June 2014 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office



Kristian Gage
Acting Executive Director
Delegate of the Auditor-General
Canberra
5 September 2014

Australian Federal Police

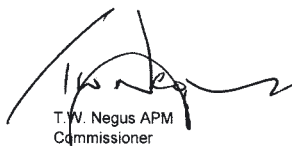
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AUSTRALIAN FEDERAL POLICE
STATEMENT BY THE COMMISSIONER AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2014 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.



T. W. Negus APM
Commissioner

Date: 5 September 2014



P. Gunning
Chief Financial Officer

Date: 5 September 2014

**AUSTRALIAN FEDERAL POLICE
STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
EXPENSES			
Employee benefits	3A	893,487	827,854
Supplier	3B	410,259	431,793
Depreciation and amortisation	3C	88,086	102,349
Finance costs	3D	522	426
Write-down and impairment of assets	3E	1,879	826
Grants	3F	199	6,409
Other expenses	3G	1,838	292
Total expenses		1,396,270	1,369,949
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	294,724	293,192
Rental income	4B	1,811	2,793
Other revenue	4C	1,597	2,196
Total own-source revenue		298,132	298,181
Gains			
Sale of assets	4D	214	32
Other gains	4E	5,655	5,640
Total gains		5,869	5,672
Total own-source income		304,001	303,853
Net cost of services		(1,092,269)	(1,066,096)
Revenue from Government	4F	991,883	978,241
Deficit attributable to the Australian Government		(100,386)	(87,855)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to deficit			
Changes in asset revaluation surplus		51,671	531
Total other comprehensive income		51,671	531
Total comprehensive loss attributable to the Australian Government	30	(48,715)	(87,324)

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

**AUSTRALIAN FEDERAL POLICE
STATEMENT OF FINANCIAL POSITION**
as at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	6A	7,818	8,075
Trade and other receivables	6B	344,192	405,396
Other financial assets	6C	7,721	6,758
Total financial assets		359,731	420,229
Non-Financial Assets			
Land and buildings	7A,C	280,225	256,213
Property, plant and equipment	7B,C	141,595	116,447
Intangibles	7D,E	55,118	54,273
Inventories	7F	7,416	7,194
Other non-financial assets	7G	20,234	18,949
Total non-financial assets		504,588	453,076
Total assets		864,319	873,305
LIABILITIES			
Payables			
Suppliers	8A	72,810	97,546
Other payables	8B	47,240	36,220
Total payables		120,050	133,766
Provisions			
Employee provisions	9A	284,391	261,352
Other provisions	9B	15,791	13,740
Total provisions		300,182	275,092
Total liabilities		420,232	408,858
Net assets		444,087	464,447
EQUITY			
Contributed equity		770,050	741,695
Reserves		92,789	41,118
Accumulated deficit		(418,752)	(318,366)
Total equity		444,087	464,447

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

AUSTRALIAN FEDERAL POLICE
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2014

	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Opening balance								
Balance carried forward from previous period	(318,366)	(230,511)	41,118	40,587	741,695	705,708	464,447	515,784
Adjusted opening balance	(318,366)	(230,511)	41,118	40,587	741,695	705,708	464,447	515,784
Comprehensive income								
Other comprehensive income	-	-	51,671	531	-	-	51,671	531
Deficit for the period	(100,386)	(87,855)	-	-	-	-	(100,386)	(87,855)
Total comprehensive income	(100,386)	(87,855)	51,671	531	-	-	(48,715)	(87,324)
Transactions with owners								
Distributions to owners								
Return of capital:								
Returns of contributed equity	-	-	-	-	(102,200)	(1,300)	(102,200)	(1,300)
Contributions by owners								
Equity injection - Appropriations	-	-	-	-	99,208	11,973	99,208	11,973
Departmental capital budget	-	-	-	-	31,347	25,314	31,347	25,314
Sub-total transactions with owners	-	-	-	-	28,355	35,987	28,355	35,987
Closing balance as at 30 June	(418,752)	(318,366)	92,789	41,118	770,050	741,695	444,087	464,447
Closing balance attributable to the Australian Government	(418,752)	(318,366)	92,789	41,118	770,050	741,695	444,087	464,447

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

**AUSTRALIAN FEDERAL POLICE
CASH FLOW STATEMENT**
for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		1,291,446	1,305,897
Sales of goods and rendering of services		314,867	283,567
Net GST received		35,354	34,017
Total cash received		1,641,667	1,623,481
Cash used			
Employees		860,220	830,871
Suppliers		456,735	485,017
Section 31 receipts transferred to OPA		316,855	298,385
Grant payments		2,632	3,976
Total cash used		1,636,442	1,618,249
Net cash from operating activities	10	5,225	5,232
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		338	789
Total cash received		338	789
Cash used			
Purchase of property, plant and equipment		29,084	29,014
Purchase of land and buildings		36,348	34,883
Purchase of intangibles		29,589	7,170
Total cash used		95,021	71,067
Net cash (used by) investing activities		(94,683)	(70,278)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		51,609	53,962
Departmental capital budget funding		37,592	8,992
Total cash received		89,201	62,954
Net cash from financing activities		89,201	62,954
Net (decrease) in cash held			
		(257)	(2,092)
Cash and cash equivalents at the beginning of the reporting period		8,075	10,167
Cash and cash equivalents at the end of the reporting period	6A	7,818	8,075

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

**AUSTRALIAN FEDERAL POLICE
SCHEDULE OF COMMITMENTS**

as at 30 June 2014

	2014	2013
BY TYPE	\$'000	\$'000
Commitments receivable		
Operating lease income ¹	(12,742)	(15,150)
Net GST recoverable on commitments ²	(76,874)	(69,587)
Total commitments receivable	(89,616)	(84,737)
Commitments payable		
Capital commitments³		
Land and buildings	86,269	7,657
Property, plant and equipment	1,278	210
Intangibles	14,914	17,979
Total capital commitments	102,461	25,846
Other commitments		
Operating leases ⁴	693,818	703,545
Other ⁵	216,999	108,988
Total other commitments	910,817	812,533
Net commitments by type	923,662	753,642
BY MATURITY		
Commitments receivable		
Operating lease income		
Within one year	(1,116)	(1,178)
Between one and five years	(4,666)	(4,991)
More than five years	(6,960)	(8,981)
Total operating lease income	(12,742)	(15,150)
Other commitments receivable		
Within one year	(18,454)	(10,300)
Between one and five years	(24,518)	(25,209)
More than five years	(33,902)	(34,078)
Total other commitments receivable	(76,874)	(69,587)
Commitments payable		
Capital commitments		
Within one year	93,317	10,527
Between one and five years	9,144	15,319
Total capital commitments	102,461	25,846
Operating lease commitments		
Within one year	88,207	82,839
Between one and five years	242,388	250,936
More than five years	363,223	369,770
Total operating lease commitments	693,818	703,545
Other commitments		
Within one year	84,264	71,360
Between one and five years	123,036	23,235
More than five years	9,699	14,393
Total other commitments	216,999	108,988
Net commitments by maturity	923,662	753,642

Note: Commitments are GST inclusive where relevant.

**AUSTRALIAN FEDERAL POLICE
SCHEDULE OF COMMITMENTS (continued)**
as at 30 June 2014

Nature of Commitments Receivable	General description of commitment
¹ Operating lease income	AFP leases office accommodation (as the lessor). Lease revenues increase annually in accordance with the relevant lease agreement which is either fixed rate or CPI. AFP can renew agreements upon negotiation.
² Net GST recoverable on commitments	Net GST recoverable on commitments includes GST recoverable on commitments when, at balance date, the AFP intends to fully exercise these contracts. The value of Net GST recoverable on commitments with termination clauses: 2014: \$4.3m (2013: \$4.9m)

Nature of Capital Commitments	General description of commitment
³ Capital commitments	Capital commitments consist of purchases of equipment, intangibles, leasehold fit out and buildings currently under construction or where a valid contract has been signed. Capital commitments include commitments which contain a termination clause as part of the contract when, at the balance date, the AFP intends to fully exercise these contracts. Value of commitments with termination clauses: 2014: \$14.8m (2013: \$17.6m).

Nature of Other Commitments	General description of commitment
⁴ Operating lease commitments	Property lease payments increase annually in accordance with the relevant lease agreement which is either fixed rate or CPI. The majority of AFP's lease commitments are in their initial term. AFP can renew agreements at their option. Includes non-cancellable leases for motor vehicles.
⁵ Other commitments	Contracts for the purchase of a variety of goods and services including logistics support for overseas deployments and non-cancellable contracts for computer and other equipment. Other commitments include commitments which contain termination clauses as part of the contract when, at the balance date, the AFP intends to fully exercise these contracts. Value of commitments containing termination clauses: 2014: \$185.2m, (2013 \$36.1m):

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

**AUSTRALIAN FEDERAL POLICE
SCHEDULE OF CONTINGENCIES**

as at 30 June 2014

	2014 \$'000	2013 \$'000
Contingent assets		
Claims for damages or costs	-	-
Total contingent assets	<u>-</u>	<u>-</u>
Contingent liabilities		
Claims for damages or costs	<u>1,015</u>	<u>-</u>
Total contingent liabilities	<u>1,015</u>	<u>-</u>
Net contingent (liabilities)	<u>(1,015)</u>	<u>-</u>

Details of each class of contingent liabilities and contingent assets listed above are disclosed in Note 11, along with information on significant remote contingencies and contingencies that cannot be quantified.

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

AUSTRALIAN FEDERAL POLICE
Administered Schedule of Comprehensive Income
for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
EXPENSES			
Suppliers	16A	19,752	16,781
Write-down and impairment of assets	16B	168	84
Total expenses		<u>19,920</u>	<u>16,865</u>
INCOME			
Non-taxation revenue			
Fees and fines	17A	525	1,211
Other	17B	488	503
Total non-taxation revenue		<u>1,013</u>	<u>1,714</u>
Net cost of services		<u>18,907</u>	<u>15,151</u>
Total comprehensive deficit		<u>(18,907)</u>	<u>(15,151)</u>

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

AUSTRALIAN FEDERAL POLICE
Administered Schedule of Assets and Liabilities

as at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	18A	41	530
Trade and other receivables	18B	155	132
Total financial assets		<u>196</u>	<u>662</u>
Non-financial assets			
Prepayments	19A	12	-
Total non-financial assets		<u>12</u>	<u>-</u>
Total assets administered on behalf of Government		<u>208</u>	<u>662</u>
LIABILITIES			
Payables			
Suppliers	20A	1,610	1,060
Total payables		<u>1,610</u>	<u>1,060</u>
Total liabilities administered on behalf of Government		<u>1,610</u>	<u>1,060</u>
Net (liabilities)		<u>(1,402)</u>	<u>(398)</u>

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

AUSTRALIAN FEDERAL POLICE

Administered Reconciliation Schedule

for the year ended 30 June 2014

	2014 \$'000	2013 \$'000
Opening net administered liabilities as at 1 July	(398)	(760)
Net (cost of)/contribution of services		
Income	1,013	1,714
Expenses - Payments to Non-CAC Act bodies	(19,920)	(16,865)
Transfers (to)/from Australian Government		
Appropriation transfers from OPA:		
Annual appropriations - Payments to Non-CAC Act bodies	20,660	17,998
Transfers to OPA	(2,757)	(2,485)
Closing assets less liabilities as at 30 June	(1,402)	(398)

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

AUSTRALIAN FEDERAL POLICE
Administered Cash Flow Statement
for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
OPERATING ACTIVITIES			
Cash received			
Fees and fines		828	1,569
Net GST received		143	127
Total cash received		<u>971</u>	<u>1,696</u>
Cash used			
Suppliers		19,363	17,020
Total cash used		<u>19,363</u>	<u>17,020</u>
Net cash flows (used by) operating activities		<u>(18,392)</u>	<u>(15,324)</u>
Net (decrease) in cash held		<u>(18,392)</u>	<u>(15,324)</u>
Cash and cash equivalents at the beginning of the reporting period		530	341
Cash from Official Public Account			
Appropriations		20,660	17,998
		<u>20,660</u>	<u>17,998</u>
Cash to Official Public Account			
Cash received		(977)	(1,698)
Appropriations		(1,780)	(787)
		<u>(2,757)</u>	<u>(2,485)</u>
Cash and cash equivalents at the end of the reporting period	21	<u>41</u>	<u>530</u>

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

AUSTRALIAN FEDERAL POLICE
Schedule of Administered Commitments
as at 30 June 2014

	2014 \$'000	2013 \$'000
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments	(1)	-
Total commitments receivable	(1)	-
Commitments payable		
Other commitments		
Other commitments ¹	1,592	-
Total other commitments	1,592	-
Net commitments by type	1,591	-
BY MATURITY		
Commitments receivable		
Other commitments receivable		
Within one year	(1)	-
Total commitments receivable	(1)	-
Commitments payable		
Other commitments		
Within one year	1,592	-
Total commitments payable	1,592	-
Net commitments by maturity	1,591	-

Note: Commitments are GST inclusive where relevant.

1. The AFP's administered commitments as at 30 June 2014 consisted of services and equipment to support the Royal Solomon Islands Police Force (RSIPF). The AFP had no administered commitments as at 30 June 2013.

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Australian Federal Police

The Australian Federal Police (AFP) is an Australian Government controlled entity. It is a not-for-profit entity. The objectives of the AFP are to enforce Commonwealth criminal law and protect Commonwealth and national interests from crime in Australia and overseas. In order to achieve these objectives, the AFP is structured to meet two outcomes:

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

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

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

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

The following 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 49 of the *Financial Management and Accountability Act 1997*.

The financial statements have been prepared in accordance with:

- Finance Minister's Orders (FMO's) for reporting periods ended on or after 1 July 2013; 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.

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

1.2 Basis of Preparation of the Financial Statements (continued)

Unless an alternative treatment is specifically required by an accounting standard or the FMO's, 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. Assets and liabilities that are unrecognised are reported in the Schedule of Commitments or the Schedule of Contingencies.

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

Administered revenues, expenses, assets, liabilities and cash flows reported in the administered schedules and related notes are accounted for on the same basis and using the same policies as for departmental items, except where otherwise stated at Note 1.22.

1.3 Significant Accounting Judgements and Estimates

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

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

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

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

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

The 2013-14 financial year represents the first year of application of the new fair value standard AASB 13. The AFP engaged external valuers to conduct a fixed asset valuation between 30 April 2014 and 30 June 2014.

Future Australian Accounting Standard Requirements

The AFP will adopt AASB 1055 from 1 July 2014. This standard is not expected to have any material impact upon the AFP statements, however it will change disclosure requirements to include budget information. No new accounting standards issued prior to the signing of the financial statements, applicable to the current reporting period, had a financial impact on the AFP.

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

1.5 Revenue

Revenue from the sale of goods is recognised when:

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

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

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

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

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

Revenue from Government

Amounts appropriated for departmental 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.

1.6 Gains

Resources Received Free of Charge

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

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

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

Sale of Assets

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

1.7 Grants

Grants are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Government enters into an agreement to make these grants but services have not been performed or criteria satisfied.

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

1.8 Transactions with the Government as Owner

Equity Injections

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

1.9 Employee Benefits

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

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

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the AFP is estimated to be less than the annual entitlement for sick leave.

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

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2013. The estimate of the present liability takes into account expected salary growth through promotion, inflation and attrition.

Separation and Redundancy

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

Superannuation

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

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.

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

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

1.10 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract. A liability is recognised at the same time and for the same amount. The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

The AFP had not entered into any finance leases as at 30 June 2014 (2013: nil).

1.11 Borrowing Costs

All borrowing costs are expensed as incurred.

1.12 Fair Value Measurement

The AFP deems transfers between levels of the fair value hierarchy to have occurred with reference to each individual asset. Transfers are deemed to occur at the date of revaluation or at the conclusion of the financial year.

1.13 Cash and Cash Equivalents

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

1.14 Financial Assets

The AFP classifies its financial assets as 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon 'trade date'.

Loans and Receivables

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

Effective Interest Method

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

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

Impairment of Financial Assets

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

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

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

1.15 Financial Liabilities

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

Other Financial Liabilities

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

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

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

1.16 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.

1.17 Acquisition of Assets

Assets are recorded at cost on acquisition, except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of the restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

1.18 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition. Where assets less than \$2,000 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.

Work in Progress

The AFP recognises assets under construction as work in progress when the final constructed asset will have costs that exceed the asset capitalisation threshold. The costs recognised as work in progress are only those that meet the definition for recognition as an asset under AASB 116. All assets classified as work in progress are held at cost and tested for impairment annually in June.

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

1.18 Property, Plant and Equipment (continued)

Revaluations

Fair values for each class of asset are determined as shown below:

<i>Asset class</i>	<i>Fair value measured at</i>
Land	Market selling price
Buildings exc. leasehold improvements	Depreciated replacement cost
Leasehold improvements	Depreciated replacement cost
Other property, plant and equipment	Market selling price and depreciated replacement cost

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

Revaluation adjustments are made on a class basis. 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.

Depreciation

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.

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

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

	2014	2013
Buildings on freehold land	6 to 25 years	6 to 25 years
Buildings on leasehold land	6 to 25 years	6 to 25 years
Leasehold improvements	Lease term	Lease term
Other property, plant and equipment	3 to 30 years	3 to 10 years

Impairment

All assets were assessed for impairment at 30 June 2014. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

Derecognition

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

1.19 Intangibles

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

Software is amortised on a straight-line basis over its estimated useful life. The useful life of AFP's software is 1 to 15 years (2013: 1 to 15 years).

All software assets were assessed for indications of impairment as at 30 June 2014.

AUSTRALIAN FEDERAL POLICE
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1.20 Inventories

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

Inventories acquired at no cost or nominal consideration are initially measured at current replacement cost at the date of acquisition. Inventory held by the AFP includes uniforms and goods held for distribution.

1.21 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.

1.22 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 Cash Transfers to and from the Official Public Account

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.

Revenue

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

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

Receivables

Where receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised through the Administered Schedule of Comprehensive Income.

Impairment Allowance

The AFP recognises impairment relating to the probability of recovering fees and fines by reference to an actuarial assessment prepared for the AFP as at 30 June 2013.

Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the administered schedule of assets and liabilities, 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 did not have any administered contingent liabilities or contingent assets in 2014 (2013: nil).

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

1.23 Accounting for the Australian Institute of Police Management

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

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

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

1.24 Accounting for The Asia/Pacific Group on Money Laundering

The purpose of the Asia/Pacific Group on Money Laundering (APG) is to facilitate the adoption, implementation and enforcement of internationally accepted anti-money laundering and anti-terrorist financing standards. The AFP hosted the APG for the year ended 30 June 2014 and reports on its performance for the members of the APG.

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

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

Note 2: Events After the Reporting Period

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

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

	2014 \$'000	2013 \$'000
Note 3: Expenses		
<u>Note 3A: Employee Benefits</u>		
Wages and salaries	611,325	585,907
Superannuation:		
Defined contribution plans	41,925	36,054
Defined benefit plans	84,601	94,163
Leave and other entitlements	119,210	100,055
Separation and redundancies	25,251	2,733
Other employee expenses	11,175	8,942
Total employee benefits	893,487	827,854
<u>Note 3B: Supplier</u>		
Goods and services		
Communications and IT	36,274	35,933
Consultant and contractor services	36,019	42,132
General and office	24,288	22,958
Travel	37,181	40,775
Staff and recruitment	41,838	47,085
Vehicle expenses	6,415	6,939
Postage and freight	3,610	6,262
Operational	55,613	70,403
Training	11,842	16,657
Building and accommodation	32,482	27,745
Total goods and services supplied or rendered	285,562	316,889
Goods supplied in connection with		
External parties	33,013	39,680
Total goods supplied	33,013	39,680
Services rendered in connection with		
Related parties	22,598	27,827
External parties	229,951	249,382
Total services rendered	252,549	277,209
Total goods and services supplied or rendered	285,562	316,889
Other supplier expenses		
Operating lease rentals - external parties:		
Minimum lease payments	96,228	90,640
Contingent rentals	660	590
Other supplier expenses	297	213
Workers compensation expenses	27,512	23,461
Total other supplier expenses	124,697	114,904
Total supplier expenses	410,259	431,793

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

	2014	2013
	\$'000	\$'000
Note 3C: Depreciation and Amortisation		
Depreciation:		
Property, plant and equipment	40,151	52,280
Leasehold improvements	30,576	33,050
Buildings	3,233	2,784
Total depreciation	73,960	88,114
Amortisation:		
Intangibles	14,126	14,235
Total amortisation	14,126	14,235
Total depreciation and amortisation	88,086	102,349
Note 3D: Finance Costs		
Unwinding of discount - restoration obligations	522	426
Total finance costs	522	426
Note 3E: Write-Down and Impairment of Assets		
Impairment from trade and other receivables	-	71
Write-down and impairment of buildings	231	32
Write-down and impairment of property, plant and equipment	1,485	415
Write-down and impairment of intangibles	163	308
Total write-down and impairment of assets	1,879	826
Note 3F: Grants		
Non-profit organisations	-	18
Overseas crime prevention organisations	199	6,391
Total grants	199	6,409
Note 3G: Other Expenses		
Other	3	-
Settlement of litigation	1,835	292
Total other expenses	1,838	292

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

	2014 \$'000	2013 \$'000
Note 4: Own-Source Income		
OWN-SOURCE REVENUE		
<u>Note 4A: Sale of Goods and Rendering of Services</u>		
Sales of goods in connection with		
Related parties	95	32
External parties	590	468
Total sales of goods	<u>685</u>	<u>500</u>
Rendering of services in connection with		
Related parties	106,185	121,521
External parties	187,854	171,172
Total rendering of services	<u>294,039</u>	<u>292,693</u>
Total sale of goods and rendering of services	<u>294,724</u>	<u>293,193</u>
<u>Note 4B: Rental Income</u>		
Operating lease:		
Other subleases	1,811	2,793
Total rental income	<u>1,811</u>	<u>2,793</u>
<u>Note 4C: Other Revenue</u>		
Reduction in provisions - restoration obligations	869	902
Asset recognition	167	1,014
Other	561	280
Total other revenue	<u>1,597</u>	<u>2,196</u>
GAINS		
<u>Note 4D: Sale of Assets</u>		
Property, plant and equipment:		
Proceeds from sale	338	789
Carrying value of assets sold	(124)	(757)
Total gains from sale of assets	<u>214</u>	<u>32</u>
<u>Note 4E: Other Gains</u>		
Resources received free of charge		
ANAO audit services	330	330
ACT Government provision of police stations	5,310	5,310
Recovery of impairment from trade and other receivables	15	-
Total other gains	<u>5,655</u>	<u>5,640</u>
REVENUE FROM GOVERNMENT		
<u>Note 4F: Revenue from Government</u>		
Appropriations		
Departmental appropriations	991,883	978,241
Total revenue from Government	<u>991,883</u>	<u>978,241</u>

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

Note 5: Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value. The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 5A: Fair Value Measurements

Fair value measurements as at 30 June 2014 by hierarchy for non-financial assets

	Fair value measurements at the end of the reporting period using			
	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
	\$'000	\$'000	\$'000	\$'000
Non-financial assets¹				
Land	2,000	-	2,000	-
Buildings on freehold land	19,706	-	-	19,706
Buildings on leasehold land	30,827	-	-	30,827
Leasehold improvements	191,054	-	-	191,054
Property, plant and equipment	129,376	-	15,407	113,969
Total non-financial assets	372,963	-	17,407	355,556
Total non-financial assets	372,963	-	17,407	355,556

¹: The AFP did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June 2014.

The above note does not include work in progress which is measured at cost, not at fair value.

Fair value measurements - highest and best use differs from current use for non-financial assets (NFAs)

The current use of all assets is considered their highest and best use.

Note 5B: Level 1 and Level 2 Transfers for Recurring Fair Value Measurements

There have been no transfers between levels 1 and 2 of the hierarchy during the year.

The AFP policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.

AUSTRALIAN FEDERAL POLICE
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Note 5C: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements

Level 2 and 3 fair value measurements - valuation technique and the inputs used for assets and liabilities as at 30 June 2014

	Category	Fair value	Valuation technique ¹	Inputs used	Range (weighted average) ²
\$'000					
Non-financial assets					
Land	Level 2	2,000	Market Approach	<ul style="list-style-type: none"> Adjusted market transactions Land useage rights 	
Buildings	Level 3	50,533	Depreciated Replacement Cost (DRC)	<ul style="list-style-type: none"> Replacement cost new Consumed economic benefit 	N/A 25.0% - 2.5% (8.7%) per annum
Leasehold Improvements	Level 3	191,054	Depreciated Replacement Cost (DRC)	<ul style="list-style-type: none"> Replacement cost new Consumed economic benefit 	N/A 25.0% - 4.5% (7.4%) per annum
Property, Plant and Equipment	Level 2	15,407	Market Approach	Adjusted market transactions	
Property, Plant and Equipment	Level 3	113,969	Depreciated Replacement Cost (DRC)	<ul style="list-style-type: none"> Replacement cost new Consumed economic benefit 	N/A 100% - 0.1% (6.3%) per annum

¹ The AFP changed the valuation technique from a cost to a market approach during the 2013-14 year for some items of property, plant and equipment. These assets, including some motor vehicles and firearms, were previously valued using DRC but were revalued with reference to markets for similar assets. All other asset classes have had no change in valuation technique. The effect of the change in this technique is displayed in Note 5D.

² Significant unobservable inputs only. Not applicable for assets or liabilities in the Level 2 category. The significant unobservable input relates to estimated consumption of the assets life in future periods.

There were no significant inter-relationships between unobservable inputs that materially affect fair value.

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
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Note 5C: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements (continued)

Recurring and non-recurring Level 3 fair value measurements - valuation processes

The AFP tests the procedures of the valuation model as an internal management review at least once every 12 months with a formal revaluation undertaken once every three years. If a particular asset class experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class has changed materially since the previous reporting period), that class is subject to specific revaluation in the reporting period, where practicable, regardless of the timing of the last specific valuation.

The AFP engaged Colliers International Valuation & Advisory Services Pty Ltd to provide written assurance that the valuation models developed as at 30 April 2014 comply with AASB 13.

There is no change in the valuation technique for Level 3 inputs since the prior year.

Significant Level 3 inputs utilised by the AFP are derived and evaluated as follows:

Buildings, Leasehold Improvements and Property, Plant and Equipment - Consumed economic benefit

Assets that do not transact with enough frequency or transparency to develop objective market evidence have been measured utilising the Depreciated Replacement Cost (DRC) approach. Under the DRC approach the estimated cost to replace the asset is calculated and then adjusted to take into account its consumed economic benefit (accumulated depreciation). Consumed economic benefit has been determined based on professional judgment regarding physical, economic and external factors relevant to the asset under consideration.

The weighted average is determined by assessing the fair value measurement as a proportion of the total fair value for the class against the total useful life of each asset.

Recurring Level 3 fair value measurements - sensitivity of inputs

Buildings, Leasehold Improvements and Property, Plant and Equipment - Consumed economic benefit

The significant unobservable inputs used in the fair value measurement of AFP's buildings, leasehold improvements and property, plant and equipment asset classes relates to consumed economic benefits. A significant increase (decrease) in this input would result in a significantly lower (higher) fair value measurement.

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
 for the year ended 30 June 2014

Note 5D: Reconciliation for Recurring Level 3 Fair Value Measurements

Recurring Level 3 fair value measurements - reconciliation for assets

	Non-financial assets		
	Land and Buildings	Property, Plant and Equipment	Total
	2014 \$'000	2014 \$'000	2014 \$'000
Opening balance¹	235,985	108,504	344,489
Total gains/(losses) recognised in net cost of services ²	(33,810)	(40,649)	(74,459)
Total gains/(losses) recognised in other comprehensive income ³	13,685	30,821	44,506
Purchases	25,727	23,273	49,000
Sales	-	(122)	(122)
Transfers out of Level 3 ⁴	-	(7,858)	(7,858)
Closing balance	241,587	113,969	355,556
Changes in unrealised gains/(losses) recognised in net cost of services for assets held at the end of the reporting period ⁴	-	-	-

¹. Opening balance as determined in accordance with AASB 13.

². These gains/(losses) are presented in the Statement of Comprehensive Income under 'depreciation and amortisation' and 'write-down and impairment of assets'.

³. These gains/(losses) are presented in the Statement of Comprehensive Income under 'changes in asset revaluation surplus'.

⁴. The AFP has previously adopted DRC (Level 3) for all valuations excluding land which was held at market valuation (Level 2). During the year the AFP revalued some property, plant and equipment assets, including motor vehicles and firearms at market valuation. All other asset classes have had no change in valuation technique. These assets were valued at \$7.858m prior to transfer and were revalued up to \$15.406m as Level 2 assets.

The AFP policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

	2014	2013
	\$'000	\$'000
Note 6: Financial Assets		
<u>Note 6A: Cash and Cash Equivalents</u>		
Special Accounts	2,835	2,482
Cash on hand	112	120
Cash at bank	4,871	5,473
Total cash and cash equivalents	7,818	8,075
<u>Note 6B: Trade and Other Receivables</u>		
Good and services:		
Related parties	4,264	18,543
External parties	3,299	2,602
Total receivables for goods and services	7,563	21,145
Appropriations receivable:		
For existing programs	235,092	218,300
For Special Accounts	3,000	2,500
For capital projects	87,110	147,955
Total appropriations receivable	325,202	368,755
Other receivables:		
GST receivable from the Australian Taxation Office	4,198	4,754
Comcare	6,557	6,318
Other	1,163	4,930
Total other receivables	11,918	16,002
Total trade and other receivables (gross)	344,683	405,902
Less impairment allowance account:		
Goods and services	(491)	(506)
Total impairment allowance account	(491)	(506)
Total trade and other receivables (net)	344,192	405,396
Receivables are aged as follows:		
Not overdue	342,010	392,058
Overdue by:		
1 to 30 days	622	5,818
31 to 60 days	192	1,497
61 to 90 days	80	1,092
More than 90 days	1,779	5,437
Total receivables (gross)	344,683	405,902

All receivables are expected to be recovered in no more than 12 months. Credit terms for goods and services were 30 days (2013: 30 days).

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

	2014	2013
	\$'000	\$'000

Note 6B: Trade and Other Receivables (continued)

The impairment allowance account is aged as follows:

Overdue by:		
More than 90 days	491	506
Total impairment allowance account	491	506

Reconciliation of the Impairment Allowance Account:

Movements in relation to 2014

	Goods and services \$'000	Total \$'000
Opening balance	506	506
Decrease recognised in net deficit	(15)	(15)
Closing balance	491	491

Movements in relation to 2013

	Goods and services \$'000	Total \$'000
Opening balance	435	435
Increase recognised in net deficit	71	71
Closing balance	506	506

	2014	2013
	\$'000	\$'000

Note 6C: Other Financial Assets

Accrued revenue	7,721	6,758
Total other financial assets	7,721	6,758

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

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

	2014	2013
	\$'000	\$'000
Note 7: Non-Financial Assets		
Note 7A: Land and Buildings		
Land:		
Fair value	2,000	1,485
Total land	2,000	1,485
Buildings on freehold land:		
Fair value	19,868	22,897
Accumulated depreciation	(162)	(2,055)
Total buildings on freehold land	19,706	20,842
Buildings on leasehold land:		
Work in progress	22,605	6,488
Fair value	31,568	25,821
Accumulated depreciation	(741)	(3,651)
Total buildings on leasehold land	53,432	28,658
Leasehold improvements:		
Work in progress	14,033	11,651
Fair value	198,225	242,845
Accumulated depreciation	(7,171)	(49,268)
Total leasehold improvements	205,087	205,228
Total land and buildings	280,225	256,213

No indicators of impairment were found for land and buildings as at 30 June 2014. Where land and buildings were no longer used by the AFP, these have been written down during the financial year. These are described in Note 7C as "Write-down and impairment recognised in the net cost of services".

No land or buildings are held for sale as at 30 June 2014.

Note 7B: Property, Plant and Equipment

Other property, plant and equipment:

Work in progress	12,219	5,042
Fair value	137,600	212,412
Accumulated depreciation	(8,224)	(101,007)
Total property, plant and equipment	141,595	116,447

No indicators of impairment were found for property, plant and equipment as at 30 June 2014. Where property, plant and equipment were no longer used by the AFP, these have been written down during the financial year. These are described in Note 7C as "Write-down and impairment recognised in net cost of services".

No property, plant and equipment are held for sale as at 30 June 2014.

Revaluation of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 1.18. All valuations were conducted by registered and independent valuers. The AFP conducted a revaluation of its assets between 30 April 2014 and 30 June 2014. On 30 June 2014 the AFP reassessed its make good liability associated with leasehold fit out concluding the rolling revaluation of this class.

Valuation increments for land \$0.515m (2013: nil), buildings \$1.761m (2013: nil), leasehold improvements \$11.924m (2013: nil) and property plant and equipment \$38.229m (2013: nil) were credited to the asset revaluation surplus by asset class and included in the equity section of the Statement of Financial Position. No decrements were expensed.

AUSTRALIAN FEDERAL POLICE
 Notes to and forming part of the financial statements
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Note 7C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment 2014

	Land	Buildings on freehold land	Buildings on leasehold land	Buildings - leasehold improvements	Total land and buildings	Other property, plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2013							
Gross book value	1,485	22,897	32,309	254,496	311,187	217,454	528,641
Accumulated depreciation and impairment	-	(2,055)	(3,651)	(49,268)	(54,974)	(101,007)	(155,981)
Net book value 1 July 2013	1,485	20,842	28,658	205,228	256,213	116,447	372,660
Additions:							
Purchase of internally developed Assets not previously recognised	-	-	24,960	17,130	42,090	29,582	71,672
Revaluations and impairments recognised in other comprehensive income	515	43	1,718	11,924	14,200	38,229	52,429
Write-down and impairment recognised in net cost of services	-	-	(3)	(228)	(231)	(1,485)	(1,716)
Depreciation	-	(1,179)	(2,054)	(30,576)	(33,809)	(40,151)	(73,960)
Reclassifications	-	-	153	1,609	1,762	(1,070)	692
Disposals:							
Sales	-	-	-	-	-	(124)	(124)
Net book value 30 June 2014	2,000	19,706	53,432	205,087	280,225	141,595	421,820
Net book value as of 30 June 2014 represented by:							
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)
Net book value 30 June 2014	2,000	19,706	53,432	205,087	280,225	141,595	421,820

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
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Note 7C (Continued): Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment 2013

	Land \$'000	Buildings on freehold land \$'000	Buildings on leasehold land \$'000	Buildings - leasehold improvements \$'000	Total land and buildings \$'000	Other property, plant and equipment \$'000	Total \$'000
As at 1 July 2012							
Gross book value	1,485	23,584	23,019	228,108	276,196	191,882	468,078
Accumulated depreciation and impairment	-	(1,364)	(1,559)	(18,790)	(21,713)	(50,427)	(72,140)
Net book value 1 July 2012	1,485	22,220	21,460	209,318	254,483	141,455	395,938
Additions:							
Purchase or internally developed	-	8	6,164	28,981	35,153	28,186	63,339
Assets not previously recognised	-	-	-	-	-	1,003	1,003
Other	-	-	-	653	653	35	688
Write-down and impairment recognised in net cost of services	-	-	-	(32)	(32)	(415)	(447)
Depreciation	-	(1,230)	(1,554)	(33,050)	(35,834)	(52,280)	(88,114)
Reclassifications	-	(156)	2,588	(576)	1,856	(744)	1,112
Disposals:							
Sales	-	-	-	-	-	(757)	(757)
Other	-	-	-	(66)	(66)	(36)	(102)
Net book value 30 June 2013	1,485	20,842	28,658	205,228	256,213	116,447	372,660
Net book value as of 30 June 2013 represented by:							
Gross book value	1,485	22,897	32,309	254,496	311,187	217,454	528,641
Accumulated depreciation and impairment	-	(2,055)	(3,651)	(49,268)	(54,974)	(101,007)	(155,981)
Net book value 30 June 2013	1,485	20,842	28,658	205,228	256,213	116,447	372,660

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

	2014	2013
	\$'000	\$'000
<u>Note 7D: Intangibles</u>		
Computer software:		
Internally developed - in progress	25,981	17,635
Internally developed - in use	74,779	72,965
Purchased	41,936	37,645
Accumulated amortisation	<u>(87,578)</u>	<u>(73,972)</u>
Total computer software	<u>55,118</u>	<u>54,273</u>
Total intangibles	<u>55,118</u>	<u>54,273</u>

No indicators of impairment were found for intangible assets as at 30 June 2014. Where intangibles were no longer used by the AFP, these have been written down during the financial year. These are described in Note 7E as "Write-down and impairment recognised in net cost of services".

No intangibles are held for sale as at 30 June 2014.

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

Note 7E: Reconciliation of the Opening and Closing Balances of Intangibles 2014

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2013			
Gross book value	90,600	37,645	128,245
Accumulated amortisation and impairment	(50,195)	(23,777)	(73,972)
Net book value 1 July 2013	40,405	13,868	54,273
Additions:			
Purchase or internally developed	10,713	5,113	15,826
Amortisation	(8,552)	(5,574)	(14,126)
Reclassifications	(153)	(539)	(692)
Write-down and impairment recognised in net cost of services	(10)	(153)	(163)
Net book value 30 June 2014	42,403	12,715	55,118
Net book value as of 30 June 2014 represented by:			
Gross book value	100,760	41,936	142,696
Accumulated amortisation and impairment	(58,357)	(29,221)	(87,578)
Net book value 30 June 2014	42,403	12,715	55,118

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

Note 7E (Continued): Reconciliation of the Opening and Closing Balances of Intangibles 2013

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2012			
Gross book value	69,047	40,494	109,541
Accumulated amortisation and impairment	(40,634)	(20,577)	(61,211)
Net book value 1 July 2012	28,413	19,917	48,330
Additions:			
By purchase or internally developed intangibles not previously recognised	18,004	3,583	21,587
By other	-	11	11
Amortisation	-	34	34
Reclassifications	(8,647)	(5,588)	(14,235)
Write-down and impairment recognised in net cost of services	2,930	(4,042)	(1,112)
Disposals:	(295)	(13)	(308)
Other	-	(34)	(34)
Net book value 30 June 2013	40,405	13,868	54,273
Net book value as of 30 June 2013 represented by:			
Gross book value	90,600	37,645	128,245
Accumulated amortisation and impairment	(50,195)	(23,777)	(73,972)
Net book value 30 June 2013	40,405	13,868	54,273

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

	2014	2013
	\$'000	\$'000
Note 7F: Inventories		
Inventories held for distribution	<u>7,416</u>	<u>7,194</u>
Total inventories	<u>7,416</u>	<u>7,194</u>

During 2013-14 \$3.693m of inventory held for distribution was recognised as an expense (2013: \$6.054m).

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

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

Note 7G: Other Non-Financial Assets

Prepayments	<u>20,234</u>	<u>18,949</u>
Total other non-financial assets	<u>20,234</u>	<u>18,949</u>
Total other non-financial assets - are expected to be recovered in:		
No more than 12 months	17,129	16,542
More than 12 months	3,105	2,407
Total other non-financial assets	<u>20,234</u>	<u>18,949</u>

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

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

	2014 \$'000	2013 \$'000
Note 8: Payables		
<u>Note 8A: Suppliers</u>		
Trade creditors and accruals	55,296	80,368
Operating lease rentals	17,514	17,178
Total suppliers	72,810	97,546
Suppliers expected to be settled		
No more than 12 months	57,107	86,427
More than 12 months	15,703	11,119
Total suppliers	72,810	97,546
Suppliers in connection with		
Related parties	8,589	7,126
External parties	64,221	90,420
Total suppliers	72,810	97,546

Settlement is usually made within 30 days.

<u>Note 8B: Other Payables</u>		
Wages and salaries	26,052	24,844
Superannuation	3,945	3,676
Separations and redundancies	9,402	412
Unearned income	7,775	7,255
Other payables	66	33
Total other payables	47,240	36,220

All other payables are expected to be settled within 12 months.

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

	2014 \$'000	2013 \$'000
Note 9: Provisions		
Note 9A: Employee Provisions		
Leave	272,131	261,173
Redundancy	12,081	-
Other	179	179
Total employee provisions	284,391	261,352
Employee provisions are expected to be settled in:		
No more than 12 months	84,943	71,942
More than 12 months	199,448	189,410
Total employee provisions	284,391	261,352
Note 9B: Other Provisions		
Provision for restoration obligations	14,139	13,740
Provision for staff relocations	1,652	-
Total other provisions	15,791	13,740
Other provisions are expected to be settled in:		
No more than 12 months	2,404	2,023
More than 12 months	13,387	11,717
Total other provisions	15,791	13,740

	Provision for Restoration Obligations \$'000	Provision for staff relocations \$'000	Total \$'000
Carrying amount 1 July 2013	13,740	-	13,740
Additional provisions made	899	1,652	2,551
Amounts used	(911)	-	(911)
Provisions not realised	(869)	-	(869)
Revaluation	758	-	758
Unwinding of discount	522	-	522
Closing balance 30 June 2014	14,139	1,652	15,791

In June 2014 an independent valuer, Colliers International Valuation & Advisory Services Pty Ltd, conducted a revaluation of make good liability associated with leasehold fit out concluding the rolling revaluation of this class. An increment of \$0.758m was debited to the asset revaluation reserve.

The AFP currently has 34 (2013: 39) agreements for the leasing of premises which have provisions requiring the AFP to restore the premises to their original condition at the conclusion of the lease. The AFP has made a provision to reflect the present value of this obligation.

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

	2014	2013
	\$'000	\$'000
Note 10: Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash Flow Statement	7,818	8,075
Statement of Financial Position	7,818	8,075
Discrepancy	<u>-</u>	<u>-</u>
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(1,092,269)	(1,066,096)
Revenue from Government	991,883	978,241
Adjustment for non-cash items		
Depreciation / amortisation	88,086	102,349
Net write down of non-financial assets	1,879	826
Gain on disposal of assets	(214)	(32)
Asset recognition	(167)	(1,014)
Movement in capital accruals recognised in payables	8,421	(13,862)
Restoration provision revaluation movements recognised in equity	(758)	531
Additional restoration provision made	(899)	(653)
Movements in assets / liabilities		
Assets		
Decrease in net receivables	359	13,312
(Increase) / decrease in inventories	(222)	311
(Increase) in prepayments	(1,285)	(6,232)
(Increase) / decrease in accrued revenue	(963)	1,635
Liabilities		
(Decrease) / increase in employee provisions	23,039	(4,684)
(Decrease) / increase in supplier payables	(24,736)	4,983
(Decrease) / increase in other payables	11,020	(3,153)
(Decrease) / increase in other provisions	2,051	(1,230)
Net cash from (used by) operating activities	<u>5,225</u>	<u>5,232</u>

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

Note 11: Contingent Assets and Liabilities

	Claims for		Total	
	damages or costs		2014	2013
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Contingent assets				
Balance from previous period	-	79	-	79
New	-	-	-	-
Re-measurement	-	(17)	-	(17)
Assets recognised	-	(62)	-	(62)
Total contingent assets	-	-	-	-
Contingent liabilities				
Balance from previous period	-	470	-	470
New	1,015	-	1,015	-
Re-measurement	-	(186)	-	(186)
Liabilities recognised	-	(284)	-	(284)
Total contingent liabilities	1,015	-	1,015	-
Net contingent assets (liabilities)	(1,015)	-	(1,015)	-

Quantifiable Contingencies

The Schedule of Contingencies reports contingent liabilities and assets in respect of claims for damages and costs of \$1.015m (2013: nil) and nil (2013: nil) respectively. The amount represents an estimate of the AFP's asset or liability based on precedent cases.

Unquantifiable Contingencies

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

If a matter is being litigated by the AFP and assets are restrained under the *Proceeds of Crime Act 1987* or the *Proceeds of Crime Act 2002*, the AFP gives an undertaking against potential damages caused to the person(s) whose assets have been restrained. If the proceeds of crime action is unsuccessful, damages may be awarded against the AFP. In addition 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.

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

Note 12: Senior Executive Remuneration

Note 12A: Senior Executive Remuneration Expense for the Reporting Period

	2014	2013
	\$	\$
Short-term employee benefits:		
Salary	13,723,891	12,725,897
Performance bonus	1,027,718	999,105
Transfer costs	434,884	323,022
Fringe Benefits Tax	297,460	264,562
Motor vehicle allowances	1,817,423	1,736,870
Other allowances ³	1,604,096	1,595,022
Total short-term employee benefits	18,905,472	17,644,478
Post-employment benefits		
Superannuation	3,754,066	4,149,663
Total post-employment benefits	3,754,066	4,149,663
Other long-term benefits		
Annual leave accrued	1,495,003	1,421,714
Long-service leave	626,153	670,100
Total other long-term benefits	2,121,156	2,091,815
Termination benefits	166,462	223,867
Total senior executive remuneration expenses	24,947,156	24,109,823

Notes:

¹ Note 12A was prepared on an accrual basis (the performance bonus expenses disclosed above differs from the cash 'Bonus Paid' in Note 12B).

² Senior Executive means the AFP Commissioner, Senior Executive Service (SES) Officers and their equivalents who were employed in these positions at any time during the financial year. It excludes acting arrangements and part-year services where remuneration expenses were less than \$195,000.

³ Other allowances include parking, spouse travel, health and fitness, financial advice and overseas allowances.

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
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Note 12B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives during the Reporting Period

	2014					2013				
	Substantive Senior Executives No.	Reportable salary ² \$	Contributed superannuation ³ \$	Bonus paid ⁴ \$	Total Reportable Remuneration \$	Substantive Senior Executives No.	Reportable salary ² \$	Contributed superannuation ³ \$	Bonus paid ⁴ \$	Total Reportable Remuneration \$
Average annual reportable remuneration¹										
Total reportable remuneration (including part-time arrangements):										
less than \$195,000	10	117,685	25,928	548	144,161	8	91,827	23,925	5,384	121,136
\$195,000 to \$224,999	10	175,540	32,851	9,587	217,978	16	170,284	35,577	5,741	211,602
\$225,000 to \$254,999	30	187,556	41,752	9,952	239,260	34	183,385	43,709	9,332	236,426
\$255,000 to \$284,999	8	201,886	45,541	16,285	263,712	5	204,055	57,903	14,370	276,328
\$285,000 to \$314,999	12	233,335	50,089	13,791	297,215	11	236,519	52,642	15,030	304,191
\$315,000 to \$344,999	5	252,641	51,601	17,933	322,175	4	258,541	54,917	14,614	328,072
\$345,000 to \$374,999	6	276,548	60,215	21,024	357,787	5	275,592	64,803	21,496	361,891
\$375,000 to \$404,999	1	284,007	72,896	30,851	387,754	2	310,762	58,681	14,832	384,275
\$405,000 to \$434,999	2	374,372	31,851	8,736	414,959	1	349,457	55,388	6,199	411,044
\$615,000 to \$644,999	1	530,156	100,175	-	630,331	1	433,161	102,497	-	535,658
Total	85					87				
Average annual reportable remuneration¹										
Total reportable remuneration (including part-time arrangements):										
less than \$195,000	8	91,827	23,925	5,384	121,136	8	91,827	23,925	5,384	121,136
\$195,000 to \$224,999	16	170,284	35,577	5,741	211,602	16	170,284	35,577	5,741	211,602
\$225,000 to \$254,999	34	183,385	43,709	9,332	236,426	34	183,385	43,709	9,332	236,426
\$255,000 to \$284,999	5	204,055	57,903	14,370	276,328	5	204,055	57,903	14,370	276,328
\$285,000 to \$314,999	11	236,519	52,642	15,030	304,191	11	236,519	52,642	15,030	304,191
\$315,000 to \$344,999	4	258,541	54,917	14,614	328,072	4	258,541	54,917	14,614	328,072
\$345,000 to \$374,999	5	275,592	64,803	21,496	361,891	5	275,592	64,803	21,496	361,891
\$375,000 to \$404,999	2	310,762	58,681	14,832	384,275	2	310,762	58,681	14,832	384,275
\$405,000 to \$434,999	1	349,457	55,388	6,199	411,044	1	349,457	55,388	6,199	411,044
\$525,000 to \$554,999	1	433,161	102,497	-	535,658	1	433,161	102,497	-	535,658
Total	87					87				

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
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Note 12B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives During the Reporting Period (continued)

Notes:

1. This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
2. 'Reportable salary' includes the following:
 - a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
 - b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits);
 - c) reportable employer superannuation contributions; and
 - d) exempt foreign employment income.
3. The 'contributed superannuation' amount is the average cost to the AFP for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.
4. 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the AFP during the financial year.

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Note 12C: Average Reportable Remuneration Paid to Other Highly Paid Staff during the Reporting Period

Average annual reportable remuneration ¹	2014				
	Other highly paid staff No.	Reportable salary ² \$	Contributed superannuation ³ \$	Bonus paid ⁴ \$	Total Reportable Remuneration \$
Total reportable remuneration (including part-time arrangements):					
\$195,000 to \$224,999	151	172,611	35,010	45	207,666
\$225,000 to \$254,999	44	211,883	28,267	-	240,150
\$255,000 to \$284,999	19	244,022	25,983	-	270,005
\$285,000 to \$314,999	16	267,230	30,293	-	297,523
\$315,000 to \$344,999	5	296,453	35,238	-	331,691
\$345,000 to \$374,999	7	324,415	36,418	963	361,796
\$375,000 to \$404,999	2	347,296	39,573	-	386,869
\$405,000 to \$434,999	1	371,690	37,413	-	409,103
\$465,000 to \$494,999	1	464,739	21,587	-	486,326
Total	246				

Average annual reportable remuneration ¹	2013				
	Other highly paid staff No.	Reportable salary ² \$	Contributed superannuation ³ \$	Bonus paid ⁴ \$	Total Reportable Remuneration \$
Total reportable remuneration (including part-time arrangements):					
\$195,000 to \$224,999	143	168,317	38,194	10	206,521
\$225,000 to \$254,999	31	210,032	29,738	-	239,770
\$255,000 to \$284,999	11	234,139	30,476	-	264,615
\$285,000 to \$314,999	12	259,557	36,532	-	296,089
\$315,000 to \$344,999	6	295,038	42,372	-	337,410
\$345,000 to \$374,999	4	317,359	39,853	-	357,212
\$375,000 to \$404,999	3	331,220	49,853	-	381,073
\$465,000 to \$494,999	1	437,466	44,675	-	482,141
Total	211				

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Notes to and forming part of the financial statements
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Note 12C: Average Reportable Remuneration Paid to Other Highly Paid Staff during the Reporting Period (continued)

Notes:

1. This table reports staff:
 - a) who were employed by the AFP during the reporting period;
 - b) whose reportable remuneration was \$195,000 or more for the financial period; and
 - c) who were not required to be disclosed in Table B.

Each row is an averaged figure based on headcount for individuals in the band.
2. 'Reportable salary' includes the following:
 - a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
 - b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits);
 - c) reportable employer superannuation contribution; and
 - d) exempt foreign employment income.
3. The 'contributed superannuation' amount is the average cost to the AFP for the provision of superannuation benefits to other highly paid staff in that reportable remuneration band during the reporting period.
4. 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the AFP during the financial year.

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
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	2014	2013
	\$'000	\$'000
Note 13: Remuneration of Auditors		
Financial statement audit services were provided free of charge to the AFP by the Australian National Audit Office (ANAO).		
Fair value of the services provided		
Financial statement audit services ¹	330	330
Total	330	330
Additional audit services provided:		
ACT Policing ¹	68	68
Australian Institute of Police Management ¹	46	46
Asia/Pacific Group on Money Laundering ²	10	10
Total	124	124

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

¹. The ANAO has retained Moore Stephens to assist with these assignments.

². This audit is performed directly by Moore Stephens.

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
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	2014	2013
	\$'000	\$'000
Note 14: Financial Instruments		
<u>Note 14A: Categories of Financial Instruments</u>		
Financial Assets		
Loans and receivables:		
Cash and cash equivalents	7,818	8,075
Trade receivables	7,072	20,639
Other receivables	7,720	11,248
Accrued revenue	7,721	6,758
Total financial assets	<u>30,331</u>	<u>46,720</u>
Carrying amount of financial assets	<u>30,331</u>	<u>46,720</u>
Financial Liabilities		
At amortised cost:		
Trade creditors	72,810	97,546
Other payables	66	33
Total financial liabilities	<u>72,876</u>	<u>97,579</u>
Carrying amount of financial liabilities	<u>72,876</u>	<u>97,579</u>
<u>Note 14B: Net Gains and Losses on Financial Assets</u>		
Loans and receivables		
Impairment	15	(71)
Net losses on loans and receivables	<u>15</u>	<u>(71)</u>
Net losses on financial assets	<u>15</u>	<u>(71)</u>

The net income from financial assets not at fair value through profit and loss is \$14,476 (2013: expense \$71,038).

Note 14C: Fair Value of Financial Instruments

The carrying value of all financial assets in the balance sheet approximates fair value.

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
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Note 14D: Credit Risk

The AFP's exposure to credit risk is minimal and relates to trade receivables. Management has endorsed policies and procedures for debt management to reduce the incidence of credit risk on trade receivables. Additionally, management has assessed the risk of default on payment and has made an impairment allowance of \$491,185 (2013: \$505,661).

The following table illustrates the AFP's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2014	2013
	\$'000	\$'000
Financial assets		
Trade receivables	7,563	21,145
Other receivables	7,720	11,248
Total	15,283	32,393

The AFP holds no collateral to mitigate against credit risk.

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due nor impaired	Not past due nor impaired	Past due or impaired	Past due or impaired
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Trade receivables	12,610	18,549	2,673	13,844
Total	12,610	18,549	2,673	13,844

The AFP assessed \$491,185 (2013: \$505,661) of trade receivables to be impaired and therefore in doubt of recovery. This amount is included in the past due or impaired balance above. All other trade receivables are considered recoverable.

Ageing of financial assets that were past due but not impaired for 2014

	1 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	622	192	80	1,288	2,182
Total	622	192	80	1,288	2,182

Ageing of financial assets that were past due but not impaired for 2013

	1 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	5,818	1,497	1,092	4,931	13,338
Total	5,818	1,497	1,092	4,931	13,338

AUSTRALIAN FEDERAL POLICE
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Note 14E: Liquidity Risk

The AFP is a Commonwealth agency that is primarily budget funded and has internal policies and procedures in place to ensure budget funded resources are available to meet its financial obligations as and when they fall due. As such, the AFP's exposure to liquidity risk is not significant.

The following table illustrates the maturities for financial liabilities.

Maturities for non-derivative financial liabilities 2014

	On demand \$'000	within 1 year \$'000	1 to 2 years \$'000	Total \$'000
Trade creditors	-	57,107	15,703	72,810
Other payables	-	66	-	66
Total	-	57,173	15,703	72,876

Maturities for non-derivative financial liabilities 2013

	On demand \$'000	within 1 year \$'000	1 to 2 years \$'000	Total \$'000
Trade creditors	-	86,427	11,119	97,546
Other payables	-	33	-	33
Total	-	86,460	11,119	97,579

The AFP had no derivative financial liabilities in either 2014 or 2013.

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Note 14F: Market Risk

The AFP's exposure to market risk is minimal and relates only to basic financial instruments held such as foreign currencies.

Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The AFP is exposed to foreign currency risk primarily through undertaking certain transactions denominated in foreign currency.

The AFP is exposed to currencies denominated in US Dollars, Indonesian Rupiah, Euro, Papua New Guinea Kina, Solomon Islands Dollars and Vanuatu Vatu.

The following table details the effect on the profit and equity as at 30 June from a 11.5 per cent favourable/unfavourable change in the AUS dollar against the above currencies with all other variables held constant.

The sensitivity analysis of the AFP's exposure to foreign currency risk at the reporting date has been determined based on the Department of Finance calculated average of the six main currencies the Commonwealth is exposed to, being USD, EUR, GBR, JPY, SBD and NZD.

Sensitivity analysis of the risk that the AFP is exposed to for 2014

	Risk variable	Change in risk variable %	Effect on	
			Net cost of service \$'000	Equity \$'000
Currency risk	Exposed currency	11.50	227	227

Sensitivity analysis of the risk that the AFP is exposed to for 2013

	Risk variable	Change in risk variable %	Effect on	
			Profit and loss \$'000	Equity \$'000
Currency risk	Exposed currency	15.70	137	137

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Note 15: Financial Asset Reconciliation			
Total financial assets as per Statement of Financial Position		359,731	420,229
Less non-financial instrument components			
Appropriation receivable	6B	325,202	368,755
GST receivable from ATO	6B	4,198	4,754
Total non-financial instrument components		329,400	373,509
Total financial assets as per financial instrument note		30,331	46,720

AUSTRALIAN FEDERAL POLICE**Notes to and forming part of the financial statements***for the year ended 30 June 2014*

	2014	2013
	\$'000	\$'000
Note 16: Administered - Expenses		
EXPENSES		
<u>Note 16A: Suppliers</u>		
Goods and services		
Communications and IT	634	340
Consultants and contractors	660	998
General and office	1,399	1,176
Operational expenses	239	436
Infrastructure for other jurisdictions	9,500	7,447
Police equipment	32	16
Police equipment for other jurisdictions	4,855	4,693
Rent and accommodation	12	12
Training	1,548	1,123
Travel	873	540
Total goods and services supplied or rendered	19,752	16,781
Goods supplied in connection with		
External parties	8,411	13,141
Total goods supplied	8,411	13,141
Services rendered in connection with		
Related parties	186	336
External parties	11,155	3,304
Total services rendered	11,341	3,640
Total goods and services supplied or rendered	19,752	16,781
<u>Note 16B: Write-Down and Impairment of Assets</u>		
Impairment of trade and other receivables	168	84
Total write-down and impairment of assets	168	84
Note 17: Administered - Income		
Non-Taxation Revenue		
<u>Note 17A: Fees and Fines</u>		
Court fees, fines and penalties	525	1,211
Total fees and fines	525	1,211
<u>Note 17B: Other Income</u>		
Other	488	503
Total other income	488	503

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements

for the year ended 30 June 2014

	2014	2013
	\$'000	\$'000
Note 18: Administered - Financial Assets		
Note 18A: Cash and Cash Equivalents		
Cash on hand or on deposits	41	530
Total cash and cash equivalents	41	530
Note 18B: Trade and Other Receivables		
Other receivables:		
GST receivable from Australian Taxation Office	46	40
Court fees, fines and penalties	1,219	1,034
Total other receivables	1,265	1,074
Total trade and other receivables (gross)	1,265	1,074
Less: impairment allowance account:		
Court fees, fines and penalties	(1,110)	(942)
Total impairment allowance account	(1,110)	(942)
Total trade and other receivables (net)	155	132
Receivables are aged as follows:		
Not overdue	52	40
Overdue by:		
1 to 30 days	1	-
31 to 60 days	31	16
61 to 90 days	12	7
More than 90 days	1,169	1,011
Total receivables (gross)	1,265	1,074
The impairment allowance account is aged as follows:		
Not overdue	(1)	-
Overdue by:		
1 to 30 days	(1)	-
31 to 60 days	(14)	(5)
61 to 90 days	(10)	(7)
More than 90 days	(1,084)	(930)
Total impairment allowance account	(1,110)	(942)
All receivables are expected to be recovered in no more than 12 months.		
Credit terms for goods and services were within 30 days (2013: 30 days).		
Reconciliation of the Impairment Allowance Account:		
Movements in relation to 2014		
	Goods and	Total
	services	
	\$'000	\$'000
Opening balance	942	942
Increase recognised in net cost of services	168	168
Closing balance	1,110	1,110
Movements in relation to 2013		
	Goods and	Total
	services	
	\$'000	\$'000
Opening balance	858	858
Increase recognised in net cost of services	84	84
Closing balance	942	942

AUSTRALIAN FEDERAL POLICE**Notes to and forming part of the financial statements***for the year ended 30 June 2014*

	2014	2013
	\$'000	\$'000
Note 19: Administered - Non-Financial Assets		
<u>Note 19A: Prepayments</u>		
Prepayments	12	-
Total other non-financial assets	<u>12</u>	<u>-</u>
No indicators of impairment were found for other non-financial assets.		
Total other non-financial assets - are expected to be recovered in:		
No more than 12 months	12	-
Total other non-financial assets	<u>12</u>	<u>-</u>
Note 20: Administered - Payables		
<u>Note 20A: Suppliers</u>		
Trade creditors and accruals	1,610	1,060
Total suppliers	<u>1,610</u>	<u>1,060</u>
Suppliers in connection with		
External parties	1,610	1,060
Total	<u>1,610</u>	<u>1,060</u>
All administered suppliers are expected to be settled within 12 months.		
Settlement was usually made within 30 days.		
Note 21: Administered - Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents as per Administered Schedule of Assets and Liabilities to Administered Cash Flow Statement		
Cash and cash equivalents as per:		
Administered cash flow statement	41	530
Administered schedule of assets and liabilities	41	530
Discrepancy	<u>-</u>	<u>-</u>
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(18,907)	(15,151)
Movements in assets/liabilities		
Assets		
(Increase) in net receivables	(23)	(53)
(Increase) in prepayments	(12)	-
Liabilities		
Increase / (decrease) in supplier payables	550	(120)
Net cash (used by) operating activities	<u>(18,392)</u>	<u>(15,324)</u>

AUSTRALIAN FEDERAL POLICE

Notes to and forming part of the financial statements

for the year ended 30 June 2014

	2014 \$'000	2013 \$'000
Note 22: Administered - Financial Instruments		
<u>Note 22A: Categories of Financial Instruments</u>		
Financial Assets		
Loans and receivables:		
Cash and cash equivalents	41	530
Trade receivables	109	92
Total	<u>150</u>	<u>622</u>
Carrying amount of financial assets	<u>150</u>	<u>622</u>
Financial Liabilities		
At amortised cost:		
Trade creditors	1,610	1,060
Total	<u>1,610</u>	<u>1,060</u>
Carrying amount of financial liabilities	<u>1,610</u>	<u>1,060</u>

Note 22B: Fair Value of Financial Instruments

The carrying value of all financial instruments in the Statement of Financial Position approximates fair value.

AUSTRALIAN FEDERAL POLICE**Notes to and forming part of the financial statements***for the year ended 30 June 2014***Note 22C: Credit Risk**

The AFP credit risk related to administered activities is limited to the administered receivable from court ordered fees and fines. These fees and fines are receipted by the AFP where the AFP brought the case before the courts. The collection and enforcement of fees and fines remain the responsibility of State based organisations. The AFP activities are limited to receipting of these fees and fines. The AFP calculates an impairment allowance associated with these debts in line with an actuary report obtained from the Australian Government Actuary.

The following table illustrates the AFP's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2014	2013
	\$'000	\$'000
Financial assets		
Trade receivables	1,218	1,034
Total	1,218	1,034

The AFP holds no collateral to mitigate against credit risk.

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due nor impaired	Not past due nor impaired	Past due or impaired	Past due or impaired
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Trade receivables	5	-	1,213	1,034
Total	5	-	1,213	1,034

The AFP assessed 2014: \$1,110,000 (2013: \$941,764) of trade receivables to be impaired and therefore in doubt of recovery.

Ageing of financial assets that were past due but not impaired for 2014

	1 to 30	31 to 60	61 to 90	90+	Total
	days	days	days	days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	-	17	2	85	104
Total	-	17	2	85	104

Ageing of financial assets that were past due but not impaired for 2013

	1 to 30	31 to 60	61 to 90	90+	Total
	days	days	days	days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	-	11	-	81	92
Total	-	11	-	81	92

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements

for the year ended 30 June 2014

Note 22D: Liquidity Risk

The AFP's liabilities are trade creditors. The exposure to liquidity risk is based on the notion that the AFP will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely as the AFP is appropriation funded from the Australian Government and the AFP manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the AFP has policies in place to ensure payments are made when due and has no past experience of default. As such, the AFP's exposure to liquidity risk is not significant. All financial liabilities are due within 1 year. The AFP has no derivative liabilities in both the current and prior year.

Maturities for non-derivative financial liabilities 2014

	On demand \$'000	Within 1 year \$'000	Total \$'000
Trade creditors	-	1,610	1,610
Total	-	1,610	1,610

Maturities for non-derivative financial liabilities 2013

	On demand \$'000	Within 1 year \$'000	Total \$'000
Trade creditors	-	1,060	1,060
Total	-	1,060	1,060

Notes	2014 \$'000	2013 \$'000
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Note 23: Administered Financial Assets Reconciliation
Financial Assets

Total financial assets as per administered schedule of assets and liabilities		196	662
Less: non-financial instruments components			
GST receivable from ATO	18B	<u>(46)</u>	<u>(40)</u>
Total non-financial instrument components		<u>(46)</u>	<u>(40)</u>
Total financial assets as per financial instruments note	22A	<u>150</u>	<u>622</u>

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

Note 24: Appropriations

Note 24A: Annual Appropriations ('Recoverable GST exclusive')

	2014 Appropriations					Appropriation applied in 2014 (current and prior years) \$'000	Variance \$'000
	Appropriation Act Annual appropriation \$'000	Appropriations reduced ^(a) \$'000	FIMA Act		Total appropriation \$'000		
			Section 31 \$'000	Section 32 \$'000			
DEPARTMENTAL							
Ordinary annual services	1,026,257	-	316,855	-	1,343,112	1,330,146	12,966 ^(c)
Other services Equity	99,208	-	-	-	99,208	51,608	47,600 ^(d)
Total Departmental	1,125,465	-	316,855	-	1,442,320	1,381,754	60,566
ADMINISTERED							
Ordinary annual services Administered items	25,227	(5,472)	-	-	19,755	19,213	542 ^(e)
Total Administered	25,227	(5,472)	-	-	19,755	19,213	542

Notes:

(a) Appropriations reduced under Appropriation Acts (No. 1, 3, 5) 2013-14; sections 10, 11, 12 and 15 and under Appropriation Acts (No. 2, 4, 6) 2013-14; sections 12, 13 and 14. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. On 5 August 2013, the Finance Minister issued a determination to reduce departmental appropriations following a request by the Minister for Justice. This amount of the reduction under Appropriation Act 2012-13 (No. 1) was \$13,612,000 and Appropriation Act (No. 2) 2012-13 was \$1,000,000. These reductions are included in the 2013 comparative table as they relate to that appropriation year.

On 1 July 2013 the Statute Stock (Appropriations) Act 2013 received royal assent. The Act repealed all annual Appropriation Acts from 1 July 1999 to 30 June 2010. The Bill passed through Parliament on 20 June 2013 and it received Royal Assent on 1 July 2013. Unspent balances in AFP appropriations impacted by this Act totalled \$102,500,151. The AFP has obtained approval for the reappropriation for the majority of repeated appropriations in the year the AFP is planning to access the funds.

As with departmental appropriations, the responsible Minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of Appropriation Acts (No. 1, 3 & 5) 2013-14 and section 12 of (No. 2, 4 & 6) 2013-14, the appropriation is taken to be reduced by \$5,471,923.46 to the required amount specified in Table D of this note once the annual report is tabled in Parliament.

(b) In 2013-14, the Government made the following reductions affecting AFP appropriations which met the recognition criteria of a formal reduction in accordance with FMO Division 101 but at law the appropriation had not been amended before the end of the reporting period:

- reduction in Ordinary Annual Departmental Appropriation of \$1,345,000 which was recognised as a reduction in revenue from Government as a result of a cabinet decision; and
 - reduction in Ordinary Annual Departmental Appropriation of \$342,138 which was recognised as a reduction in revenue from Government as a result of a valid No Win/No Loss agreement.
- (c) The amount of variance in ordinary annual services represents the AFP's increased liabilities during the period and the need for additional funds to pay for these.
- (d) The variance in equity appropriation has occurred as funding appropriated during the year is yet to be spent due to changes in project phasing.
- (e) The variance relates to administered appropriation required to pay administered liabilities at balance date.

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

Note 24A: Annual Appropriations ('Recoverable GST exclusive') (continued)

	2013 Appropriations				Appropriation applied in 2013 (current and prior years) \$'000	Variance \$'000
	Appropriation Act		FMA Act			
	Annual appropriation \$'000	Appropriations reduced (e) \$'000	Section 31 \$'000	Section 32 \$'000		
DEPARTMENTAL						
Ordinary annual services	1,014,080	(13,612)	298,385	1,750	1,300,603	(15,503) (c)
Other services	11,973	(1,000)	-	-	10,973	(42,989) (d)
Equity	1,026,053	(14,612)	298,385	1,750	1,311,576	(58,492)
Total Departmental						
	21,027	(4,279)	-	-	16,748	(119) (e)
ADMINISTERED						
Ordinary annual services	21,027	(4,279)	-	-	16,748	(119) (e)
Administered items	21,027	(4,279)	-	-	16,748	(119)
Total Administered						
	21,027	(4,279)	-	-	16,748	(119)

Notes:

- (a) Appropriations reduced under Appropriation Acts (No. 1, 3, 5) 2012-13: sections 10, 11, 12 and 15 and under Appropriation Acts (No. 2, 4, 6) 2012-13: sections 12, 13 and 14. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. The AFP 2012-13 Departmental appropriation was formally reduced during the 2013-14 year, with the reductions reflected in the table above. These amounts were reduced under Determination to Reduce Appropriations (No. 1 of 2013-14):
 - Appropriation Act (No. 1) 2012-13 was \$13,612,000; and
 - Appropriation Act (No. 2) 2012-13 was \$1,000,000.
- As with departmental appropriations, the responsible Minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of Appropriation Acts (No. 1, 3 & 5) 2012-13 and section 12 of (Nos. 2, 4 & 6) 2012-13, the appropriation is taken to be reduced by \$4,279,441.65 to the required amount specified in Table D of this note once the annual report was tabled in Parliament.
- (b) The AFP has a number of No Win/No Loss arrangements that have met the formal recognition criteria to adjust revenue but at law the appropriation had not been amended before the end of the reporting period. Under a No Win/No Loss arrangement to cover additional FBT expense relating to living away from home allowance the AFP recognised an initial amount of \$353,000 and an additional \$1,340,930 as revenue in 2012-13. These were appropriated to the AFP as part of Appropriation Act (No.3) 2013-14.
- (c) The amount of variance in ordinary annual services represents the payment of liabilities from previous periods.
- (d) The variance in equity appropriation has occurred as funding appropriated in prior years has been applied to projects undertaken in 2012-13.
- (e) The variance relates to the payment of liabilities from previous periods.

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

Note 24B: Departmental Capital Budgets ('Recoverable GST exclusive')

	2014 Capital Budget Appropriations			Capital Budget Appropriation applied in 2014 (current and prior years)		
	<i>Appropriation Act</i>	<i>FIMA Act</i>	Total Capital Budget Appropriations	Payments for non-financial assets ³	Payments for other purposes	Total payments
	Annual Capital Budget \$'000	Section 32 Appropriations \$'000	\$'000	\$'000	\$'000	\$'000
DEPARTMENTAL Ordinary annual services - Departmental Capital Budget ¹	31,347	-	31,347	37,592	-	37,592
						Variance ⁴ \$'000 (6,245)

Notes:

- ¹ Departmental Capital Budgets are appropriated through Appropriation Acts (No. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.
- ² Appropriations reduced under Appropriation Acts (No. 1,3,5) 2012-13: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.
- ³ Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.
- ⁴ Variance relates to timing difference between funding received and asset purchases.

	2013 Capital Budget Appropriations			Capital Budget Appropriation applied in 2013 (current and prior years)		
	<i>Appropriation Act</i>	<i>FIMA Act</i>	Total Capital Budget Appropriations	Payments for non-financial assets ³	Payments for other purposes	Total payments
	Annual Capital Budget \$'000	Section 32 Appropriations \$'000	\$'000	\$'000	\$'000	\$'000
DEPARTMENTAL Ordinary annual services - Departmental Capital Budget ¹	25,314	-	25,314	8,992	-	8,992
						Variance ⁴ \$'000 16,322

Notes:

- ¹ Departmental Capital Budgets are appropriated through Appropriation Acts (No. 1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.
- ² Appropriations reduced under Appropriation Acts (No. 1,3,5) 2012-13: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.
- ³ Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.
- ⁴ Variance relates to timing differences between funding received and asset purchases.

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
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Note 24C: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2014	2013
	\$'000	\$'000
DEPARTMENTAL		
Appropriation Act (No. 2) 2007-2008 ²	-	1,859
Appropriation Act (No. 2) 2008-2009 ²	-	67,293
Appropriation Act (No. 2) 2009-2010 ²	-	33,349
Appropriation Act (No. 2) 2010-2011 ¹	5,526	14,632
Appropriation Act (No. 4) 2010-2011	-	7
Appropriation Act (No. 1) - Capital Budget (DCB) - Non Operating - 2011-2012	-	3,460
Appropriation Act (No. 2) 2011-2012	-	7,424
Appropriation Act (No. 1) 2012-2013	-	231,362
Appropriation Act (No. 1) - Capital Budget (DCB) - Non Operating - 2012-2013	-	16,322
Appropriation Act (No. 2) 2012-2013	1,629	4,910
Appropriation Act (No. 1) 2012-2013 - Cash on hand	-	5,583
Appropriation Act (No. 1) 2013-14	206,473	-
Appropriation Act (No. 1) - Capital Budget (DCB) - Non Operating - 2013-2014	13,538	-
Appropriation Act (No. 2) 2013-2014	39,957	-
Appropriation Act (No. 3) 2013-2014	29,399	-
Appropriation Act (No. 4) 2013-2014	26,459	-
Appropriation Act (No. 1) 2013-2014 - Cash on hand	4,983	-
Total	327,964	386,211
ADMINISTERED		
Appropriation Act (No. 1) 2012-2013 - Cash on hand	-	530
Appropriation Act (No. 1) 2012-2013	-	4,762
Appropriation Act (No. 1) 2013-2014	7,030	-
Appropriation Act (No. 1) 2013-2014 - Cash on hand	41	-
Total	7,071	5,292

¹ The Omnibus Repeal Day (Autumn 2014) Bill 2014 (the Bill) seeks to repeal appropriation Acts from 1 July 2010 to 30 June 2012. The AFP has \$5.526m of unspent appropriations which will be repealed upon the Bill receiving Royal Assent. The AFP is seeking re-appropriation of this funding and the expenditure is included in the AFP's forward estimates.

² On 1 July 2013 the Statute Stock (Appropriations) Act 2013 received royal assent. The Act repealed all annual Appropriation Acts from 1 July 1999 to 30 June 2010.

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
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Note 24D: Reduction in Administered Items ('Recoverable GST exclusive')

2014	Amount required ¹ - by Appropriation Act	Total amount required ²	Total amount appropriated ³	Total reduction ⁴
Ordinary Annual Services	Act (No.1)	Act (No.3)		
Outcome 1	\$ 19,755,076.54 \$	0.00 \$	19,755,076.54 \$	25,227,000.00 \$
				5,471,923.46

¹ Administered items for 2013-14 were reduced to these amounts when these financial statements were tabled in Parliament as part of the AFP's 2013-14 annual report. This reduction takes effect in 2014-15, but the amounts are reflected in Table A in the 2013-14 financial statements in the column 'Appropriations reduced' as they were adjustments to 2013-14 appropriations.

² Amount required as per Appropriation Act (Act 1 s. 11; Act 2 s. 12).

³ Total amount appropriated in 2013-14.

⁴ Total reduction effective in 2014-15.

2013	Amount required ¹ - by Appropriation Act	Total amount required ²	Total amount appropriated ³	Total reduction ⁴
Ordinary Annual Services	Act (No.1)	Act (No.3)		
Outcome 1	\$ 16,747,558.35 \$	0.00 \$	16,747,558.35 \$	21,027,000.00 \$
				4,279,441.65

¹ Administered items for 2012-13 were reduced to these amounts when these financial statements were tabled in Parliament as part of the AFP's 2012-13 annual report. This reduction took effect in 2013-14, but the amounts were reflected in Table A in the 2012-13 financial statements in the column 'Appropriations reduced' as they were adjustments to 2012-13 appropriations.

² Amount required as per Appropriation Act (Act 1 s. 11; Act 2 s. 12).

³ Total amount appropriated in 2012-13.

⁴ Total reduction effective in 2013-14.

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
 for the year ended 30 June 2014

Note 25: Special Accounts

Note 25A: Special Accounts (Recoverable GST exclusive)

	Services for Other Entities and Trust Moneys Account (SOETM) (Departmental) ¹	
	2014 \$ '000	2013 \$ '000
Balance brought forward from previous period	34,628	31,563
Increases:		
Appropriation credited to special account	1,526	1,522
Other receipts	61,474	54,392
Total increase	63,000	55,914
Available for payments	97,628	87,477
Decreases:		
Payments made to suppliers	(51,719)	(52,849)
Total decrease	(51,719)	(52,849)
Balance carried to next period and represented by:	45,909	34,628
Cash - held by the agency	2,835	2,482
Cash - held by the agency on trust	40,074	29,646
Cash - held in the OPA	3,000	2,500
Total balance carried to the next period	45,909	34,628

¹ Appropriation: *Financial Management and Accountability Act 1997* section 21.

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

Date Established: 15 June 2011.

Purpose: For the receipt of 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 relating to providing secretariat support in relation to the detection and prevention of money laundering in the Asia Pacific region and carrying out activities that are incidental to this purpose.

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
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	2014	2013
	\$	\$
Note 26: Compensation and Debt Relief		
Departmental		
No 'Act of Grace' expenses were expended during the reporting period. (2013: nil)	-	-
No waiver of an amount owing to the Australian Government was made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> . (2013: nil)	-	-
Two payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period. (2013: nil)	3,248	-
No ex-gratia payments were provided for during the reporting period. (2013: nil)	-	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the <i>Public Service Act 1999</i> (PS Act) during the reporting period. (2013: nil)	-	-

Note 27: Compliance with Statutory Conditions for Payments from Consolidated Revenue Fund

Departmental

During 2013-14 the AFP has reviewed the risk of non-compliance associated with long service leave, goods and services tax, payments made under determinations of the Remuneration Tribunal, and continued the testing of payments from Special Accounts to minimise the possibility for Section 83 breaches. For the year ended 30 June 2014 no breaches have been identified. (2013: Nil)

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
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Note 28: Reporting of Outcomes

The AFP uses an Activity Based Costing approach to determine the attribution of its shared items. The basis of attribution in the table below is consistent with the basis used for the budget and where possible actuals are used.

Note 28A: Net Cost of Outcome Delivery

	Outcome 1		Outcome 2		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Departmental						
Expenses	(1,235,277)	(1,220,239)	(160,993)	(149,710)	(1,396,270)	(1,369,949)
Own-sourced income	144,506	151,837	159,495	152,016	304,001	303,853
Administered						
Expenses	(19,920)	(16,865)	-	-	(19,920)	(16,865)
Income	1,013	1,714	-	-	1,013	1,714
Net contribution/(cost) of outcome delivery	(1,109,678)	(1,083,553)	(1,498)	2,306	(1,111,176)	(1,081,247)

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

AUSTRALIAN FEDERAL POLICE**Notes to and forming part of the financial statements***for the year ended 30 June 2014***Note 28B: Major Classes of Departmental Expenses, Income, Assets and Liabilities by Outcomes**

	Outcome 1		Outcome 2		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Expenses:						
Employee benefits	787,488	730,594	105,999	97,260	893,487	827,854
Supplier	358,233	382,247	52,026	49,546	410,259	431,793
Depreciation and amortisation	85,123	99,453	2,963	2,896	88,086	102,349
Grants	199	6,409	-	-	199	6,409
Other	4,234	1,536	5	8	4,239	1,544
Total	1,235,277	1,220,239	160,993	149,710	1,396,270	1,369,949
Own-source income:						
Revenue from Government	991,883	978,241	-	-	991,883	978,241
Sales of goods and services	140,539	146,486	154,185	146,706	294,724	293,192
Other	3,967	5,351	5,310	5,310	9,277	10,661
Total	1,136,389	1,130,078	159,495	152,016	1,295,884	1,282,094
Assets						
Cash and cash equivalents	7,809	8,063	9	12	7,818	8,075
Trade and other receivables	321,115	383,503	23,077	21,893	344,192	405,396
Other financial assets	7,667	6,758	54	-	7,721	6,758
Land and buildings	275,542	251,934	4,683	4,279	280,225	256,213
Property, plant and equipment	130,745	105,986	10,850	10,461	141,595	116,447
Intangibles	54,918	54,116	200	157	55,118	54,273
Inventories	6,490	6,500	926	694	7,416	7,194
Other non-financial assets	20,234	18,811	-	138	20,234	18,949
Total	824,520	835,671	39,799	37,634	864,319	873,305
Liabilities						
Suppliers	70,838	95,338	1,972	2,208	72,810	97,546
Other payables	43,708	32,714	3,532	3,506	47,240	36,220
Employee provisions	252,200	230,412	32,191	30,940	284,391	261,352
Other provisions	15,035	12,878	756	862	15,791	13,740
Total	381,781	371,342	38,451	37,516	420,232	408,858

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

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
 for the year ended 30 June 2014

Note 28C: Major Classes of Administered Expenses, Income, Assets and Liabilities by Outcomes

	Outcome 1		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Expenses				
Supplier expense	19,752	16,781	19,752	16,781
Write-down and impairment of assets	168	84	168	84
Total	19,920	16,865	19,920	16,865
Income				
Court fees, fines and penalties	525	1,211	525	1,211
Other	488	503	488	503
Total	1,013	1,714	1,013	1,714
Assets				
Financial Assets				
Cash	41	530	41	530
Receivables	155	132	155	132
Non-financial assets	12	-	12	-
Total	208	662	208	662
Liabilities				
Suppliers payable	1,610	1,060	1,610	1,060
Total	1,610	1,060	1,610	1,060

Outcome 1 are described in Note 1.1. Net costs shown include intra-government costs that were eliminated in calculating the actual Budget Outcome.

AUSTRALIAN FEDERAL POLICE
Notes to and forming part of the financial statements
for the year ended 30 June 2014

	2014 \$'000	2013 \$'000
Note 29: Cost Recovery Summary		
Amounts applied		
Departmental		
Own source revenue	18,371	18,704
Total amounts applied	18,371	18,704
Expenses		
Departmental	18,371	18,704
Total expenses	18,371	18,704
Revenue		
Departmental	20,588	21,852
Total revenue	20,588	21,852
Receivables (net)		
Not overdue	526	552
Overdue by		
0 to 30 days	188	20
31 to 60 days	51	8
61 to 90 days	4	3
More than 90 days	53	1
Total receivables	822	584
Impairment expense during the period		
Impairment expense - Departmental	-	-
Total impairment expense	-	-

Cost recovered activities:

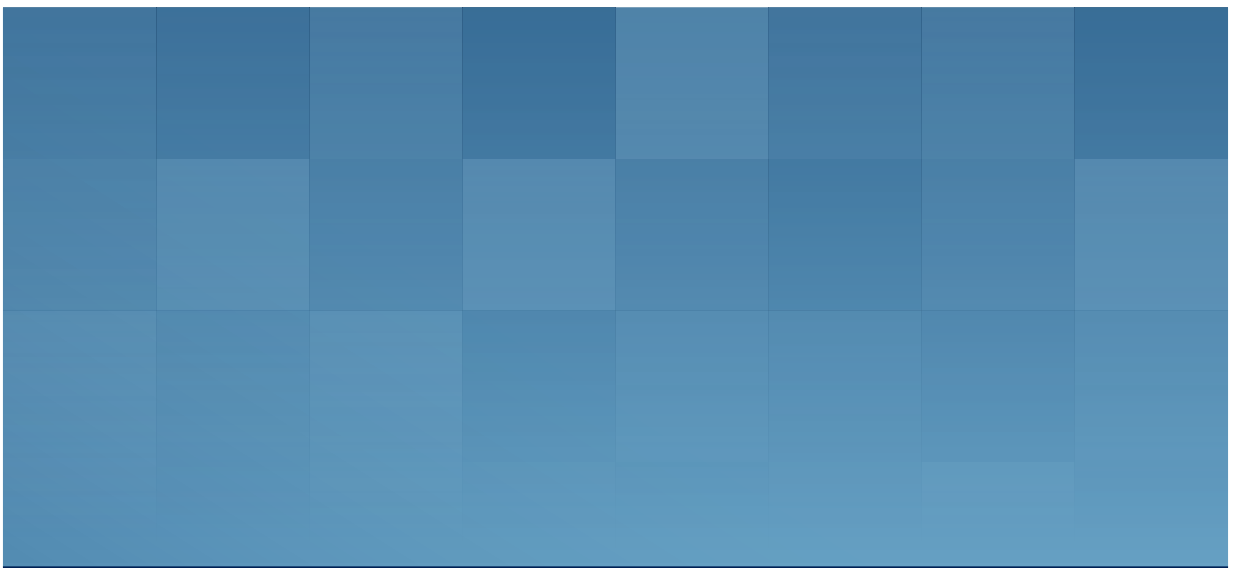
The AFP cost recovery activities are outlined within Schedule 2 of the Australian Federal Police Regulations 1979. These include Criminal Records Checks and other policing services performed.

Note 30: Net Cash Appropriation Arrangements

Total comprehensive income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations¹	39,371	15,025
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(88,086)	(102,349)
Total comprehensive income (loss) - as per the Statement of Comprehensive Income	(48,715)	(87,324)

¹: From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expense ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

The total deficit attributable to the Australian Government of \$100.386m (2013: \$87.855m), less depreciation/amortisation expenses previously funded through revenue appropriation, is a deficit of \$12.300m (2013: Surplus \$14.494m). The revaluation surplus of \$51.671m (2013: \$0.531m) is included in other comprehensive income but is not attributable to retained earnings.



APPENDICES



Appendix A: Corporate integrity

During 2013–14, the AFP's Professional Standards unit received 522 complaints, resulting in 873 alleged conduct breaches being recorded. The complaint data contained in this appendix were extracted from the AFP's Complaints Recording and Management System, which is a live system that is updated on a daily basis. The data were accurate as at 30 June 2014.

TABLE A.1 ALLEGED CONDUCT BREACHES RECORDED, BY CATEGORY, 2010–11 TO 2013–14

	2010–11	2011–12	2012–13	2013–14
ALL ALLEGED AFP CONDUCT BREACHES¹				
Category 1	344	183	150	139
Category 2	1,001	485	520	425
Category 3	367	373	398	263
Corruption issues ²	45	29	31	46
Total	1,757	1,070	1,099	873
ALLEGED OUTCOME 1 CONDUCT BREACHES				
Category 1	128	71	50	63
Category 2	840	333	356	280
Category 3	235	249	244	175
Corruption issues	41	25	30	35
Total	1,244	678	680	553
ALLEGED OUTCOME 2 CONDUCT BREACHES				
Category 1	216	112	100	76
Category 2	161	152	164	145
Category 3	132	124	154	88
Corruption issues	4	4	1	11
Total	513	392	419	320

1. 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.

2. Corruption issues are 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.

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. Corruption issues are referred to the Australian Commission for Law Enforcement Integrity.

TABLE A.2 ALLEGED CONDUCT BREACHES RECORDED, BY SOURCE, 2013–14

Source	Number of alleged conduct breaches	Percentage
Anonymous member of the public	19	2.2
Member of the public	412	47.2
Another AFP member	412	47.2
Self-reported	30	3.4
Total	873	100.0

TABLE A.3 FINALISED CONDUCT BREACHES, BY CATEGORY, 2013–14

	Established	Not established	Withdrawn	Discretion not to proceed ¹
ALL AFP CONDUCT BREACHES				
Category 1	16	100	4	40
Category 2	146	257	17	81
Category 3	116	137	6	89
Corruption issues	0	9	1	6
Total	278	503	28	216
OUTCOME 1 CONDUCT BREACHES				
Category 1	10	49	1	15
Category 2	117	156	10	52
Category 3	95	81	5	63
Corruption issues	0	8	1	6
Total	222	294	17	136
OUTCOME 2 CONDUCT BREACHES				
Category 1	6	51	3	25
Category 2	29	101	7	29
Category 3	21	56	1	26
Corruption issues	0	1	0	0
Total	56	209	11	80

1. 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 only includes matters reported before 1 July 2014 that were finalised during 2013–14.

TABLE A.4 MOST COMMON ESTABLISHED CONDUCT BREACHES, 2013–14

Conduct breaches	Number established
Inappropriate behaviour/conduct	39
Fail to comply with procedure	33
Information access	20
Inappropriate behaviour/conduct serious	16
Information misuse	15
Fail to record and report	14
Commissioner’s Order on operational safety (CO3)—non-serious nature	12
False information/statement	11
Fail to comply with direction	9
Failure of security practices role/duty	9

Note: This information is not comparable with Table A5 in AFP annual report 2012–13 since the Categories of Conduct Determination was updated in July 2013.

TABLE A.5 PROHIBITED DRUG TESTS CONDUCTED, 2012–13 AND 2013–14

Category	2012–13	2013–14
Mandatory applicant testing	688	220
Mandatory targeted testing	4,967	4,908
Mandatory investigation and certain incident testing ¹	17	16
Total	5,672	5,144

1. The term ‘certain incident’ relates to a person killed or seriously injured in an incident involving a motor vehicle or while in police custody, or a person killed or seriously injured by a firearm discharging or physical force.

Appendix B: Advertising and market research

During 2013–14 the AFP conducted the National Missing Persons Week campaign, International Missing Children’s Day campaign, recruitment advertising and an airport consumer confidence survey.

Further information is available in the reports on Australian Government advertising which are prepared by the Department of Finance and Deregulation. Those reports are available at www.finance.gov.au/advertising/index.html.

The AFP spent a total of \$176,004 on advertising in 2013–14. Of the total expenditure on advertising, \$124,178 was non-campaign advertising. In addition, the AFP paid \$68,959 on research evaluating airport consumer confidence.

TABLE B.1 MEDIA COSTS, 2013–14

Vendor	Amount (\$)
Colmar Brunton	68,959
Adcorp	68,610
RecruitPlus ACT	55,568
Mediabrand Australia Pty Ltd	51,826

Appendix C: Staffing statistics

TABLE C.1 ONGOING, NON-ONGOING AND CASUAL STAFF, 30 JUNE 2013 AND 30 JUNE 2014

Sworn status	Employment group	30 June 2013	30 June 2014	Difference
Sworn police	Ongoing full-time	3,461	3,487	26
	Ongoing part-time	110	132	22
	Non-ongoing full-time	1	0	-1
	Non-ongoing part-time	1	1	0
<i>Subtotal</i>		<i>3,573</i>	<i>3,620</i>	<i>47</i>
Sworn Protective Service Officer	Ongoing full-time	728	636	-92
	Ongoing part-time	5	3	-2
<i>Subtotal</i>		<i>733</i>	<i>639</i>	<i>-94</i>
Unsworn staff	Ongoing full-time	2,300	2,273	-27
	Ongoing part-time	212	243	31
	Non-ongoing full-time	48	37	-11
	Non-ongoing part-time	9	8	-1
	Casual	22	21	-1
<i>Subtotal</i>		<i>2,591</i>	<i>2,582</i>	<i>-9</i>
Asia Pacific Group— unsworn	Ongoing full-time	10	11	1
	Non-ongoing full-time	2	1	-1
<i>Subtotal</i>		<i>12</i>	<i>12</i>	<i>0</i>
Total		6,909	6,853	-56

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

TABLE C.2 AFP SENIOR EXECUTIVES (SUBSTANTIVE STAFF), 30 JUNE 2014

Executive	Employment group	Sworn police	Unsworn staff	Total
OUTCOME 1				
PROGRAM 1.1: FEDERAL POLICING AND NATIONAL SECURITY				
Deputy Commissioner Close Operations Support	Forensics	1	2	3
	Intelligence	2	1	3
	High Tech Crime Operations	3		3
	Operations Support	4	1	5
	Legal Services		2	2
	Proceeds of Crime Litigation		1	1
<i>Subtotal</i>		10	7	17
Deputy Commissioner Operations	Crime Operations	5		5
	Serious and Organised Crime	9		9
	Regions	5		5
<i>Subtotal</i>		19		19
Deputy Commissioner National Security	Counter Terrorism	3		3
	Protection	3		3
	Aviation	6		6
<i>Subtotal</i>		12		12
PROGRAM 1.2: INTERNATIONAL POLICE ASSISTANCE				
Deputy Commissioner National Security	International Deployment Group	6		6
Office of the Commissioner	Executive	5	1	6
Asia Pacific Group	Asia Pacific Group		2	2
Chief Operating Officer	Finance and Commercial		4	4
	Information and Communications Technology	1	3	4
	Human Resources	3	3	6
	Policy and Governance	1	3	4
<i>Subtotal</i>		5	13	18

Executive	Employment group	Sworn police	Unsworn staff	Total
OUTCOME 2				
PROGRAM 2.1: ACT COMMUNITY POLICING				
Chief Police Officer—ACT	ACT Policing	3	1	4
Total		60	24	84

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

TABLE C.3 AFP SENIOR EXECUTIVE PERFORMANCE BONUS PAYMENTS, 2013–14

Classification	Amount (\$)	Number of staff
SES 3	118,408	4
SES 2	303,285	18
SES 1	614,213	61
Total	1,035,906	83

Notes: These performance bonuses were paid during 2014–15 and relate to performance during 2013–14. While there were 84 senior executive staff during 2013–14, only 83 received performance bonuses.

TABLE C.4 AFP STAFF, BY LOCATION AND GENDER, 30 JUNE 2014

LOCATION	Sworn police		Sworn Protective Service Officer				Unsworn staff				Asia Pacific Group—unsworn				
	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
Australian Capital Territory	379	1,171	1,550	25	230	255	1,200	803	2,003						3,808
Commonwealth territories	8	58	66	1	12	13	7	7	14						93
New South Wales	119	472	591	12	175	187	124	91	215	6	6	12			1,005
Northern Territory	7	38	45	4	41	45	6	1	7						97
Overseas post	37	245	282		7	7	28	30	58						347
Queensland	74	297	371	1	5	6	49	35	84						461
South Australia	14	72	86	1	2	3	11	5	16						105
Tasmania	3	24	27				1	2	3						30
Victoria	105	328	433	3	54	57	72	57	129						619
Western Australia	18	151	169	7	59	66	32	21	53						288
Total	764	2,856	3,620	54	585	639	1,530	1,052	2,582	6	6	12	6	12	6,853

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

TABLE C.5 LENGTH OF SERVICE OF AFP STAFF, 30 JUNE 2014

SWORN STATUS	EXECUTIVE	Length of service (years)								TOTAL
		<1	1–5	6–10	11–15	16–20	21–25	26+		
Sworn police	Chief Operating Officer	19	38	46	57	9	9	33	211	
	Chief Police Officer—ACT	10	239	216	137	15	25	76	718	
	Deputy Commissioner Close Operations Support	1	32	104	153	26	31	91	438	
	Deputy Commissioner National Security	5	287	508	377	43	76	166	1,462	
	Deputy Commissioner Operations	11	172	168	231	48	51	103	784	
	Office of the Commissioner				1	1	1	4	7	
<i>Subtotal</i>		46	768	1,042	956	142	193	473	3,620	
Sworn Protective Service Officer	Chief Operating Officer			8	7	1		3	19	
	Chief Police Officer—ACT			2		1		1	4	
	Deputy Commissioner Close Operations Support		2	13	9			1	25	
	Deputy Commissioner National Security		94	232	164	19	46	28	583	
	Deputy Commissioner Operations			6	1		1		8	
<i>Subtotal</i>			96	261	181	21	47	33	639	
Unsworn staff	Chief Operating Officer	67	371	276	111	18	18	18	879	
	Chief Police Officer—ACT	11	97	83	25	1	6	1	224	
	Deputy Commissioner Close Operations Support	54	387	313	127	20	18	12	931	
	Deputy Commissioner National Security	1	76	151	53	12	7	11	311	
	Deputy Commissioner Operations	8	72	83	41	6	11	7	228	
	Office of the Commissioner		2	3	3	1			9	

SWORN STATUS	Length of service (years)							TOTAL
	<1	1-5	6-10	11-15	16-20	21-25	26+	
<i>Subtotal</i>	141	1,005	909	360	58	60	49	2,582
Asia Pacific Group— unsworn		6	6					12
Total	187	1,875	2,218	1,497	221	300	555	6,853

Note: Staff under the Chief Operating Officer include sworn recruits at AFP College, recruits in the AFP Graduate Program and the AFP Directions Program, and Australian Institute of Police Management staff.

TABLE C.6 AFP WORKFORCE COMPOSITION, 30 JUNE 2014

BASE SALARY GROUP	Sworn police			Sworn Protective Service Officer			Unsworn staff			Asia Pacific Group—unsworn		
	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
Casual							8	13	21			21
Band 1								2	2			2
Band 2	59	271	330	13	76	89	56	23	79	1		499
Band 3	148	532	680	26	358	384	316	197	513			1,577
Band 4	208	675	883	8	68	76	440	208	648	1		1,608
Band 5	149	614	763	2	58	60	187	100	287	1	1	1,112
Band 6	33	66	99		3	3	211	174	385			487
Band 7	124	466	590	3	7	10	188	159	347	1	1	949
Band 8	8	52	60	1	11	12	78	96	174			246
Executive	25	130	155	1	4	5	40	64	104	2	2	268
Senior executive	10	46	56				6	16	22			80
Statutory office holder				4								4
Total	764	2,856	3,620	54	585	639	1,530	1,052	2,582	6	6	12
												6,853

TABLE C.7 OUTPOSTING TO OTHER AGENCIES/POLICE SERVICES, SECONDMENTS, TERRITORIES POLICE AND PEACEKEEPING, 2013–14

AGENCY	LOCATION	Base salary group										TOTAL				
		0 ¹	1	2	3	4	5	6	7	8	9		SES			
Attorney-General's Department	Brisbane										1					1
Attorney-General's Department, Defence Abuse Response Taskforce	Canberra				1	4					1					6
Australian Transaction Reports and Analysis Centre	Sydney									1						1
Australian Crime Commission										3						3
	Adelaide									1						1
	Canberra									2						2
Australian Customs and Border Protection Service	Canberra					1									1	2
Australian Defence Force Investigative Service	Canberra										1 ²					1
Australian Federal Police Association	Canberra										1	1				2
Australian Taxation Office											3					3
	Sydney										1					1
	Perth										1					1
	Melbourne										1					1

AGENCY	LOCATION	Base salary group										TOTAL			
		0'	1	2	3	4	5	6	7	8	9		SES		
Centrelink							9								9
	Adelaide						1								1
	Brisbane						2								2
	Newcastle						1								1
	Melbourne						1								1
	Perth						1								1
	Sydney						2								2
	Townsville						1								1
Department of the Prime Minister and Cabinet	Canberra						1								1
External territories		3	5	16	18	24	9	9	1	1	1	1	1	1	76
	Jervis Bay				3	1	2								6
	Christmas Island	2		2	1	3	1								9
	Operation Universus		5	12	13	20	4							1	55
	Cocos (Keeling) Islands	1		1			1								3
	Norfolk Island		1	1			1								3
International	UN Headquarters (New York)												1		1
National Threat Assessment Centre	Canberra						1	1	1	1	1	1	1	1	2

		Base salary group												
AGENCY	LOCATION	0 ¹	1	2	3	4	5	6	7	8	9	SES	TOTAL	
Northern Territory Police	Child Abuse Taskforce		1	1	1	1			1 ²				4	
Stability/capacity building		8	49	89	12	63	10	20	2	253				
	Cyprus		4	13		3		2		22				
	Timor-Leste		2	7	12	1	8	1	3	34				
	Nauru					1		1		2				
	Papua New Guinea		1	11	33	2	18	3	4	1	73			
	Samoa					2		1		3				
	Solomon Islands		5	27	30	7	29	6	7	1	112			
	Tonga				1	1		1		3				
	Vanuatu					1	1	1		3				
	Mauritius						1			1				
Royal Commission into Institutional Responses to Child Sexual Abuse	Sydney				1	1		2		1			5	
Royal Commission into Trade Union Governance and Corruption	Sydney			1	1	3		1		1			7	
Total		3	0	6	27	77	115	31	81	11	22	4	377	

1. Casual staff with no base salary recorded.

2. This is a sworn broadbanded 6–7 position.

Appendix D: Agency resource statement and resources for outcomes

TABLE D.1 AGENCY RESOURCE STATEMENT, 2013–14

	Actual available appropriation for 2013–14 \$'000 (a)	Payments made 2013–14 \$'000 (b)	Balance remaining 2013–14 \$'000 (a) – (b)
ORDINARY ANNUAL SERVICES¹			
Departmental expenses			
Departmental appropriation ²	1,584,539	1,330,146	254,393
Total	1,584,539	1,330,146	254,393
Administered expenses			
Outcome 1 ³	19,213	19,213	
Total	19,213	19,213	
Total ordinary annual services	A	1,603,752	1,349,359
OTHER SERVICES⁴			
Departmental non-operating			
Equity injections	125,179	51,608	73,571
Total other services	B	125,179	51,608
Total available annual appropriations	1,728,931	1,400,967	
Total available annual appropriations excluding special accounts	1,728,931	1,400,967	
SPECIAL ACCOUNTS			
Opening balance ⁵	4,982		
Appropriation receipts ⁶	1,526		
Non-appropriation receipts to special accounts	11,260		
Payments made		11,934	
Total special accounts	C	17,768	5,834

	Actual available appropriation for 2013–14 \$'000 (a)	Payments made 2013–14 \$'000 (b)	Balance remaining 2013–14 \$'000 (a) – (b)
Total resourcing (A+B+C)	1,746,699	1,412,901	
Less appropriations drawn from annual or special appropriations above and credited to special accounts	(1,526)	(1,526)	
Total net resourcing for agency	1,745,173	1,411,375	
1. Appropriation Bill (No. 1) 2013–14 and Appropriation Bill (No. 3) 2013–14. This also includes prior-year departmental appropriations available and section 31 relevant agency receipts.			
2. Includes an amount of \$31.347m in 2013–14 for the departmental capital budget. For accounting purposes this amount has been designated as 'contributions by owners'.			
3. Appropriation Bill (No. 1) 2013–14 and Appropriation Bill (No. 3) 2013–14. This also includes prior-year administered appropriations.			
4. Appropriation Bill (No. 2) 2013–14 and Appropriation Bill (No. 4) 2013–14. This also includes available equity appropriations from previous years.			
5. Estimated opening balance for special accounts (less 'special public money' held in an account such as a Services for Other Entities and Trust Moneys Special Account).			
6. Appropriation receipts from annual appropriations for 2013–14 included above.			

TABLE D.2 EXPENSES FOR OUTCOME 1

Outcome 1: Reduced criminal and security threats to Australia's collective economic and societal interests through co-operative policing services	Budget ¹ 2013–14 \$'000 (a)	Actual expenses 2013–14 \$'000 (b)	Variation 2013–14 \$'000 (a) – (b)
PROGRAM 1.1: FEDERAL POLICING AND NATIONAL SECURITY			
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1)	2,609	2,560	49
Departmental expenses			
Departmental appropriation ²	864,230	861,396	2,834
Special accounts	6,988	11,934	(4,946)
Expenses not requiring appropriation in the budget year ³	62,538	76,683	(14,145)
Total for Program 1.1	936,365	952,573	(16,208)

Outcome 1: Reduced criminal and security threats to Australia's collective economic and societal interests through co-operative policing services	Budget ¹ 2013–14 \$'000 (a)	Actual expenses 2013–14 \$'000 (b)	Variation 2013–14 \$'000 (a) – (b)
PROGRAM 1.2: INTERNATIONAL POLICE ASSISTANCE			
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1)	17,409	17,360	49
Departmental expenses			
Departmental appropriation ²	272,726	276,494	(3,768)
Expenses not requiring appropriation in the budget year ³	22,330	8,770	13,560
Total for Program 1.2	312,465	302,624	9,841
OUTCOME 1 TOTALS BY APPROPRIATION TYPE			
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1)	20,018	19,920	98
Departmental expenses			
Departmental appropriation	1,136,956	1,137,890	(934)
Special accounts	6,988	11,934	(4,946)
Expenses not requiring appropriation in the budget year	84,868	85,453	(585)
Total expenses for Outcome 1	1,248,830	1,255,197	(6,367)
		2012–13	2013–14
Average staffing level (number)		5,399	5,622

1. Full-year budget, including any subsequent adjustment made to the 2013–14 Budget.
2. Departmental appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (section 31)'.
3. Expenses not requiring appropriation in the budget year are made up of depreciation and amortisation expenses and resources received free of charge.

TABLE D.3 EXPENSES FOR OUTCOME 2

	Budget ¹ 2013–14 \$'000 (a)	Actual expenses 2013–14 \$'000 (b)	Variation 2013–14 \$'000 (a) – (b)
Outcome 2: A safe and secure environment through policing activities on behalf of the Australian Capital Territory Government			
PROGRAM 2.1: ACT COMMUNITY POLICING			
Departmental expenses			
Departmental appropriation ²	151,170	152,592	(1,422)
Expenses not requiring appropriation in the budget year ³	5,310	8,401	(3,091)
Total expenses for Outcome 2	156,480	160,993	(4,513)
		2012–13	2013–14
Average staffing level (number)		953	974

1. Full-year budget, including any subsequent adjustment made to the 2013–14 Budget.
2. Departmental appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (section 31)'.
3. Expenses not requiring appropriation in the budget year are made up of depreciation and amortisation expenses and resources received free of charge.

Appendix E: List of requirements

Description	Requirement	Page
Letter of transmittal	Mandatory	iii
Table of contents	Mandatory	v
Index	Mandatory	235–40
Glossary	Mandatory	233–4
Contact officer(s)	Mandatory	ii
Internet home page address and internet address for report	Mandatory	ii
REVIEW BY COMMISSIONER		
Review by Commissioner	Mandatory	1–7
Summary of significant issues and developments	Suggested	1–6, 8–9
Overview of agency's performance and financial results	Suggested	1–7, 8–9
Outlook for following year	Suggested	7
Significant issues and developments—portfolio	Portfolio departments—suggested	na
AGENCY OVERVIEW		
Role and functions	Mandatory	12
Organisational structure	Mandatory	18
Outcome and program structure	Mandatory	15–16
Where outcome and program structure differs from Portfolio Budget Statements, Portfolio Additional Estimates Statements or other portfolio statements accompanying any other additional appropriation bills, details of variation and reasons for change	Mandatory	na
Portfolio structure	Portfolio departments—mandatory	na
REPORT ON PERFORMANCE		
Review of performance during the year in relation to programs and contribution to outcomes	Mandatory	21–31, 33–74, 77–91
Actual performance in relation to deliverables and key performance indicators set out in the Portfolio Budget Statements, Portfolio Additional Estimates Statements or other portfolio statements	Mandatory	22–91

Description	Requirement	Page
Where performance targets differ from the Portfolio Budget Statements or Portfolio Additional Estimates Statements, details of both former and new targets, and reasons for the change	Mandatory	na
Narrative discussion and analysis of performance	Mandatory	22–91
Trend information	Mandatory	23–30, 51, 54
Significant changes in nature of principal functions/services	Suggested	na
Performance of purchaser–provider arrangements	If applicable, suggested	na
Factors, events or trends influencing agency’s performance	Suggested	2–3
Contribution of risk management in achieving objectives	Suggested	44, 78, 90, 96, 97, 115
Performance against service charter customer service standards, complaints data and the agency’s response to complaints	If applicable, mandatory	22–7, 99–100, 194–6
Discussion and analysis of the agency’s financial performance	Mandatory	2, 104
Discussion of any significant changes in financial results from the prior year, from budget or anticipated to have a significant impact on future operations	Mandatory	2, 104
Agency resource statement and summary resource tables by outcomes	Mandatory	208–11

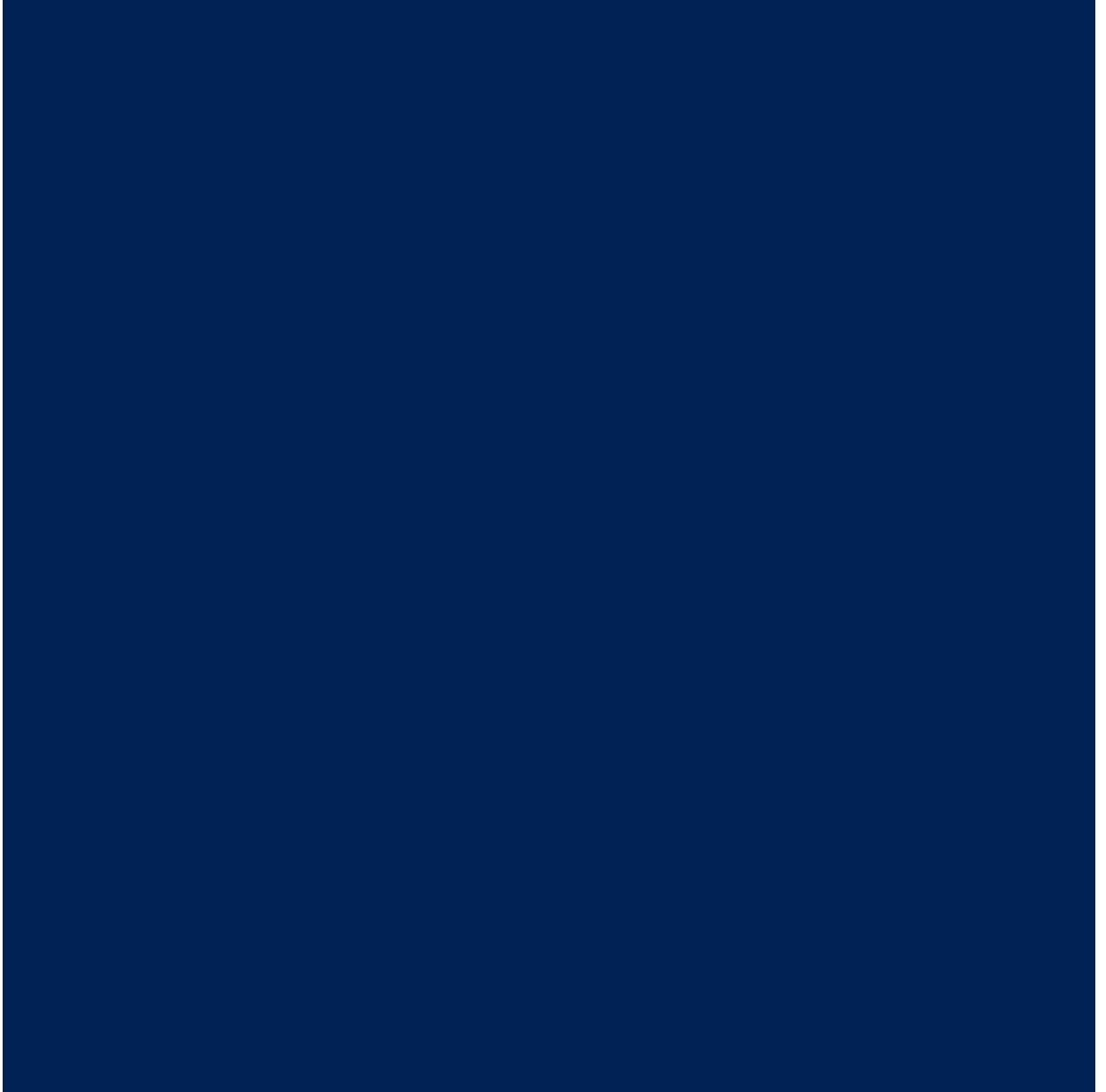
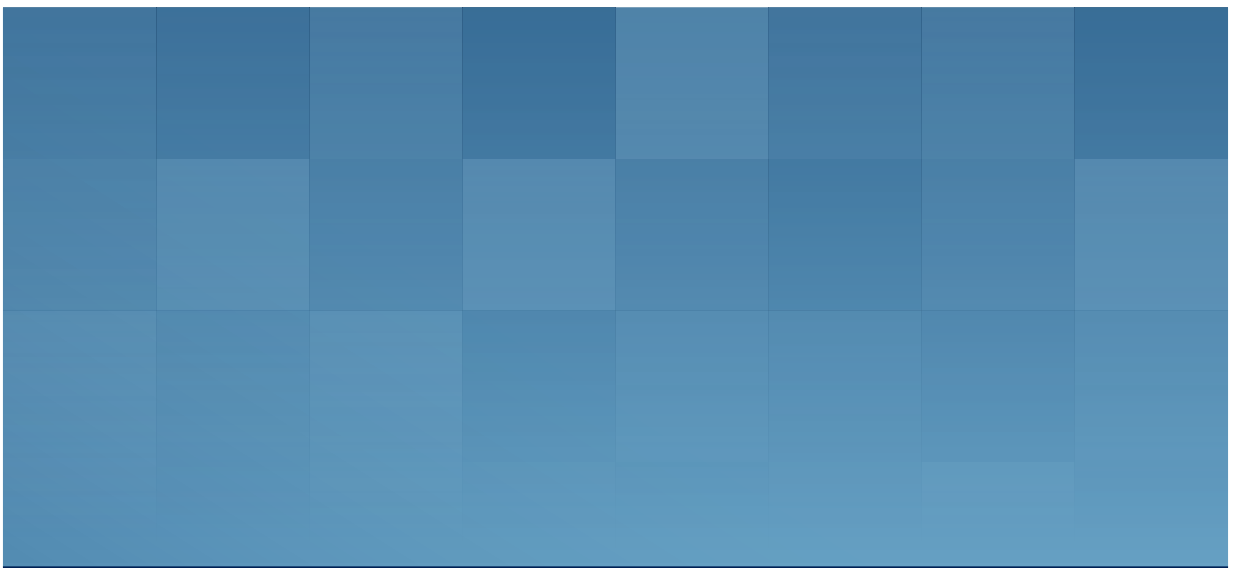
MANAGEMENT AND ACCOUNTABILITY

Corporate governance

Certification by agency head that the agency complies with the <i>Commonwealth fraud control guidelines</i>	Mandatory	iii
Statement of the main corporate governance practices in place	Mandatory	95–7, 113–15
Names of the senior executives and their responsibilities	Suggested	18
Senior management committees and their roles	Suggested	17, 95
Corporate and operational planning and associated performance reporting and review	Suggested	2–3, 13–14, 19, 94, 97, 115
Internal audit arrangements including approach adopted to identifying areas of significant financial or operational risk and arrangements to manage those risks	Suggested	97, 115
Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	97, 101, 194–6
How nature and amount of remuneration for Senior Executive Service officers is determined	Suggested	106

Description	Requirement	Page
External scrutiny		
Significant developments in external scrutiny	Mandatory	99–102
Judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner	Mandatory	99, 102
Reports by the Auditor-General, a parliamentary committee, the Commonwealth Ombudsman or an agency capability review	Mandatory	42, 101–2
Management of human resources		
Assessment of effectiveness in managing and developing human resources to achieve agency objectives	Mandatory	106–10
Workforce planning, staff turnover and retention	Suggested	106
Impact and features of enterprise or collective agreements, individual flexibility arrangements, determinations, common law contracts and Australian workplace agreements	Suggested	106–7
Training and development undertaken and its impact	Suggested	86, 96, 100–1, 110–11
Work health and safety performance	Suggested	109
Productivity gains	Suggested	109
Statistics on staffing	Mandatory	106, 198–207
Enterprise or collective agreements, individual flexibility arrangements, determinations, common law contracts and Australian workplace agreements	Mandatory	106–7
Performance pay	Mandatory	164–8, 200
Assets management		
Assessment of effectiveness of assets management	If applicable, mandatory	na
Purchasing		
Assessment of purchasing against core policies and principles	Mandatory	96, 104
Consultants		
A summary statement detailing the number of new consultancy services contracts let during the year, the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST), the number of ongoing consultancy contracts that were active in the reporting year and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST); and a statement noting that information on contracts and consultancies is available through the AusTender website	Mandatory	105

Description	Requirement	Page
Australian National Audit Office Access Clauses		
Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	105
Exempt contracts		
Contracts exempted from publication on AusTender	Mandatory	104
Financial statements		
Financial statements	Mandatory	117–91
OTHER MANDATORY INFORMATION		
Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>)	Mandatory	109
Advertising and market research (section 311A of the <i>Commonwealth Electoral Act 1918</i>) and statement on advertising campaigns	Mandatory	197
Ecologically sustainable development and environmental performance (section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	Mandatory	98
Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory	na
Grant programs	Mandatory	96
Disability reporting—explicit and transparent reference to agency-level information available through other reporting mechanisms	Mandatory	107–8
Information Publication Scheme statement	Mandatory	115
Correction of material errors in previous annual report	If applicable, mandatory	No material errors have been found in the 2012–13 annual report. However, an error has been identified in the 2011–12 report—see note 1 on page 39
Agency resource statements and resources for outcomes	Mandatory	208–11
List of requirements	Mandatory	212–15





AFP

AUSTRALIAN FEDERAL POLICE

ANNEX A
ASSUMED IDENTITIES
ANNUAL REPORT 2013–14



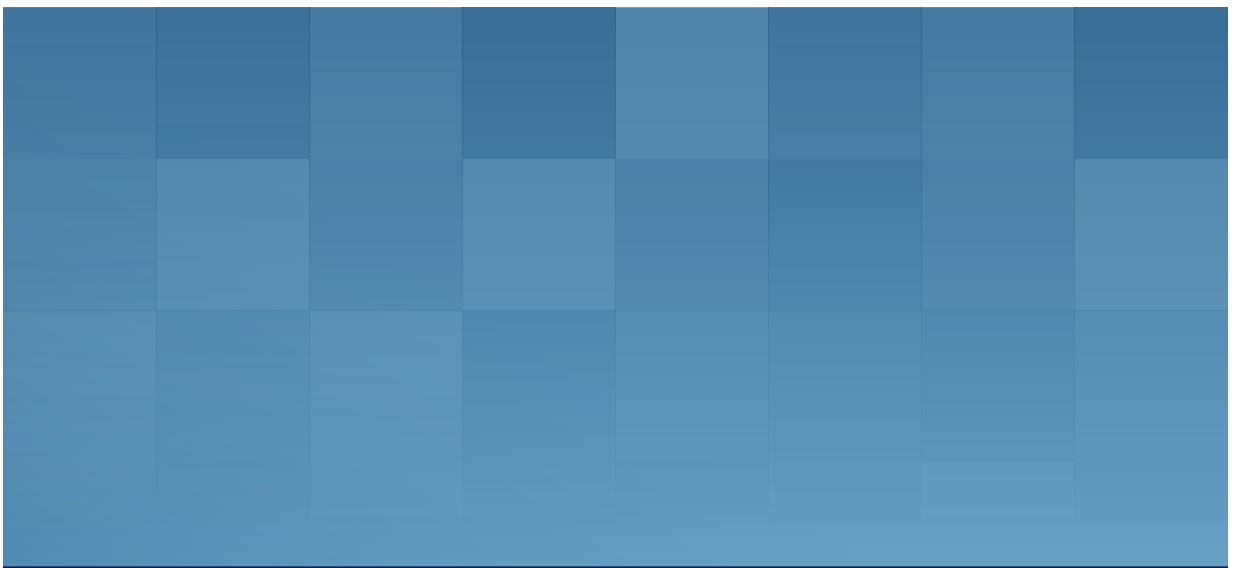
Part IAC of the *Crimes Act 1914*

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 2014:

- a. Authorising persons from the AFP issued 184 authorities for the acquisition and use of assumed identities. In addition, there were 38 variations and 148 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.





AFP

AUSTRALIAN FEDERAL POLICE

ANNEX B
NATIONAL WITNESS PROTECTION
PROGRAM ANNUAL REPORT 2013–14



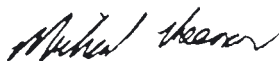
Minister's introduction

I am pleased to submit the annual report on the operation of the National Witness Protection Program under the provisions of the *Witness Protection Act 1994* for 2013–14.

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
1 October 2014

Introduction

In 1988 the Parliamentary Joint Committee on the National Crime Authority inquired into witness protection in Australia. The committee recommended that the Australian Federal Police (AFP) perform an expanded national witness protection role and the Commonwealth *Witness Protection Act 1994* (the Act) was drafted. The Act created the National Witness Protection Program (NWPP) and gave the Commissioner of the AFP responsibility for the maintenance of the program.

The Act received royal assent on 18 October 1994 and commenced operation on 18 April 1995.

Subsection 30(2) of the Act requires that an annual report be prepared which advises both houses of parliament on the general operations, performance and effectiveness of the NWPP. The report must be prepared in a manner that does not prejudice the effectiveness or security of the NWPP.

The Act provides a statutory basis for the provision of protection and assistance to:

- a. persons who have given or agreed to give evidence on behalf of the Crown in criminal or prescribed proceedings; or
- b. persons who have otherwise given or agreed to give evidence in relation to a criminal offence; or
- c. persons who have made a statement in relation to an offence; or
- d. persons who may require protection and assistance for any other reason; or
- e. persons who are related to or associated with such persons.

In providing that protection and assistance, the NWPP employs operating methods designed to facilitate the safe integration into the community of witnesses and their families who are in the program.

The Act contains regulatory mechanisms for maintaining the integrity of the NWPP.

Overview of the Act

The Act requires the AFP Commissioner to maintain the NWPP. In so doing, the Commissioner can enter into arrangements with an ‘approved authority’—which includes state and territory police commissioners, the chief executive officer of the Australian Crime Commission and the Integrity Commissioner—to enable protection and assistance to be provided to witnesses involved in operations run by those organisations. NWPP operational costs are shared between the AFP and the approved authority referring the witness for protection and assistance.

Section 3 of the Act sets out the threshold criteria for a person to be considered a ‘witness’. A person being assessed for inclusion in the NWPP is described as a witness; a witness becomes a ‘participant’ once they have been accepted into the NWPP.

A ‘Commonwealth participant’ means a person who is a participant in relation to an offence against a law of the Commonwealth or a Royal Commission under the *Royal Commissions Act 1902* or an inquiry instituted by a house of the parliament or a person who is a foreign citizen or resident who is participating in the NWPP under section 10 or 10A of the Act.

A ‘state participant’ means a person who is a participant in relation to a state offence that may or may not have a federal aspect or in relation to a commission of inquiry under a law of a state.

A 'territory participant' means a person who is a participant in relation to an offence against the law of a territory or a commission or inquiry under a law of a territory.

Section 5 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.

Sections 7, 8, 9, 18 and 19 provide the AFP with statutory procedures to govern the inclusion of witnesses in the NWPP, including the signing of memoranda of understanding and the termination of inclusion in the NWPP.

Sections 10 and 10A provide for the inclusion of foreign nationals or residents in the NWPP at the request of foreign law enforcement agencies or the International Criminal Court.

Section 11 establishes a register of participants who are or who have been in the NWPP. The register contains information relating to each participant, including the person's name, new identity, address and details of any offences for which the person has been convicted (if applicable).

Sections 20 and 27 provide mechanisms to ensure that participants do not use their new identities to avoid civil or criminal liability.

Sections 22, 22A and 22B create offences relating to disclosure of information without lawful authority about Commonwealth, territory or state participants and create offences that apply to participants in the event that they disclose information related to the NWPP.

Section 24 safeguards the integrity of Commonwealth identity documents. It provides that identity documents for persons in state or territory witness protection programs will not be issued unless there is complementary legislation in place in the relevant state or territory and there are ministerial arrangements in place with the relevant state or territory relating to the issue of Commonwealth identity documents.

AMENDMENT TO THE ACT AND RELATED MATTERS

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

Administration of the NWPP

The AFP Commissioner administers the NWPP through the Witness Protection Committee and the Coordinator Witness Protection. The Witness Protection Committee comprises the AFP Deputy Commissioner National Security, to whom a number of responsibilities are delegated, and two senior AFP officers—the National Manager Protection and National Manager Serious and Organised Crime.

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 Witness Protection 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 in criminal trials that involve a significant degree of criminality at both the Commonwealth and state levels without fear of retribution. The majority of participants in the NWPP have been accepted into the program because of their involvement as witnesses in prosecutions relating to organised crime, large-scale importation of illegal drugs or corruption matters. A consideration of inclusion into the NWPP is that there are no other viable methods of protecting the witness. Inclusion in the NWPP can entail an initial period of a restricted and arduous lifestyle for participants due to the strict security directions employed by the NWPP that are required to provide protection. This lifestyle generally relaxes in time with integration and self-sustainability of participants 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 2014, the NWPP managed 26 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 one person joining the NWPP. Two operations were concluded, resulting in five participants departing 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 and any witnesses who fall under the *Witness Protection Act 1996* (ACT) are assessed for inclusion in the NWPP.

Any costs incurred as a result of this arrangement are subject to the policing arrangement between the AFP and the ACT Government.

Integrity and accountability of the NWPP

Safeguards in the Act assist in ensuring that the integrity and accountability of the NWPP are maintained. AFP employees deployed to Witness Protection either hold or occupy designated positions which have national security clearance of 'Top Secret'.

Witness Protection members are subject to AFP anti-corruption strategies, which include drug testing in accordance with section 40M of the *Australian Federal Police Act 1979*.

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 Witness Protection presents applications for the placement of persons in the NWPP to the Witness Protection Committee. Officers investigating the criminal matters to which the protection and assistance of the witness relates, as well as those Witness Protection members preparing submissions to the committee, are not involved in the decision-making process for that person's inclusion in the NWPP. This separation of responsibilities assists in ensuring that decisions are made independently of operational considerations.

In deciding whether to include a witness in the NWPP, the Commissioner must consider:

- whether the witness has a criminal record and whether that record indicates a risk to the public if the witness is included in the NWPP
- whether there are any viable alternative methods of protecting the witness
- any psychological or psychiatric examination which has been conducted to determine the witness's suitability for inclusion in the NWPP
- the nature of the perceived danger to the witness.

A person will not be included in the NWPP unless they have signed a memorandum of understanding setting out the basis of their participation.

The Commissioner's powers under sections 6, 8, 14, 16, 18, 20, 27 and 27A and subsections 12(2) and (3) of the Act may only be delegated to a deputy commissioner of the AFP. The Commissioner's powers and functions under subsections 13(5) and (7) may only be delegated to a deputy commissioner or assistant commissioner of the AFP (or a person holding an equivalent or higher rank).

A participant may be removed from the NWPP or protection and assistance may be terminated if:

- the participant deliberately breaches a term or terms of the memorandum of understanding
- the participant has knowingly given information to the Commissioner that is false or misleading in a material particular
- the integrity of the NWPP is likely to be compromised by the participant's conduct or threatened conduct, or
- due to the passage of time and the successful relocation and integration of the participant into a new community, they are no longer in a high-risk category.

The participant will be advised of any such decision before protection or assistance is withdrawn. Protection and assistance under the NWPP must, however, be terminated if the participant requests termination in writing pursuant to section 18 of the Act.

Section 27 of the Act provides that, if a participant (or a former participant) with a new identity is to be a witness in a criminal proceeding using that new identity and the person has a criminal record under their former identity, they must notify the Commissioner that they will be a witness in the proceeding. The Commissioner may then take any action the Commissioner considers appropriate in the circumstances, including disclosing to the court, the prosecutor and the accused person or that person's legal representative the criminal record of the participant or former participant.

Section 27 was included in the Act in 1994 as a result of concerns raised by the Senate Standing Committee on Legal and Constitutional Affairs before the legislation was enacted. That committee believed that the course of justice might be affected by the inability of an interested party to cross-examine a witness with a new identity about their prior convictions for the purpose of testing their credibility.

The Commissioner made no disclosures under section 27 during the reporting period.

Complaints and reviews of decisions

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

AFP officers administering 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 *Australian Federal Police Act 1979*. Complaints against officers may also be the subject of investigation by the Commonwealth Ombudsman under the *Ombudsman Act 1976*.

To facilitate the investigation of such complaints, the Ombudsman has a right of access to the relevant program documents. The Act enables participants, former participants or persons who have been assessed or are undergoing assessment for inclusion in the NWPP to make disclosures for the purposes of making a complaint or to provide information to the Ombudsman under either the *Ombudsman Act 1976* or the *Australian Federal Police Act 1979* and to the Integrity Commissioner under the *Law Enforcement Integrity Commissioner Act 2006*.

The Commonwealth Ombudsman undertook one investigation relating to the NWPP in 2013–14.

Subsection 18(3) of the Act provides for a participant to apply to the Commissioner to review a decision by a deputy commissioner to remove that person from the NWPP. The application must be submitted within 28 days of the decision.

Subsection 19(3) of the Act provides for a participant to apply to the Commissioner to review a decision by a deputy commissioner to remove an NWPP-facilitated identity and restore the original identity of that person. The application must be submitted within 10 days of the decision.

In 2013–14 the Commissioner was not required to review any decisions made by a deputy commissioner to remove a person from the program involuntarily or to restore a person's former identity.

Performance and effectiveness of the NWPP

The provision of witness protection services in accordance with the Act is delivered by the AFP Protection function. One of Protection's key performance indicators is less 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.

While there have previously been attempts made to locate and identify participants by entities that could compromise the security of those participants, no recorded instances occurred during the reporting period.

Section 28 of the Act protects participants' identities during court proceedings. If the identity of a participant is in issue or may be disclosed during court proceedings, the court must, unless it considers it is not in the interest of justice to do so, hold in private that part of the proceedings that relates to the identity of the participant. The court must also make orders that relate to the suppression of publication of the evidence given before it to ensure that the matter referred to is not made public where that publicity may compromise the security of the witness. No suppression orders were required during the reporting period.

AFP Witness Protection members undergo skills maintenance training each year to maintain and enhance operational witness protection skills and performance.

Complementary witness protection legislation

Section 24 of the Act provides that once 12 months have elapsed since commencement of the Act, Commonwealth identity documents must not be issued for a person who is on a state or territory witness protection program unless there is a complementary witness protection law in force in the state or territory and there is an arrangement in place between the Commonwealth minister and the relevant state or territory minister. Commonwealth identity documents are defined to include passports, tax file numbers or other prescribed documents. (No other documents are currently prescribed.) The purpose of section 24 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,¹ which has been declared ‘complementary witness protection law’ under section 3 of the Act, and signed section 24 arrangements are in place in all jurisdictions except Tasmania and the Northern Territory.

Inclusion of foreign nationals or residents in the NWPP

Under sections 10 and 10A of the Act, foreign nationals or residents can be considered for inclusion in the NWPP at the request of an appropriate authority of a foreign country or the International Criminal Court. Reciprocal arrangements exist with some foreign law enforcement agencies, providing an avenue for approved authorities and the NWPP to facilitate security arrangements and relocation of witnesses outside of Australia.

Consideration for the inclusion of foreign witnesses in the NWPP is a process involving the Minister for Justice and the AFP Commissioner. If the Minister is satisfied that the foreign authority or International Criminal Court has provided all material necessary to support the request and that it is appropriate in all the circumstances, the Minister will refer that request to the Commissioner.

¹ Northern Territory—*Witness Protection (Northern Territory) Act 2002*, Australian Capital Territory—*Witness Protection Act 1996*, New South Wales—*Witness Protection Act 1995*, South Australia—*Witness Protection Act 1996*, Victoria—*Witness Protection Act 1991*, Western Australia—*Witness Protection (Western Australia) Act 1996*, Tasmania—*Witness Protection Act 2000* and Queensland—*Witness Protection Act 2000*.

If the Commissioner decides that the witness is suitable for inclusion in the NWPP and the Minister, after considering a report from the Commissioner recommending inclusion of the witness in the NWPP, also decides that it is appropriate in all the circumstances that the witness be included in the NWPP, the Commissioner is to include that person in the NWPP, provided two further conditions are satisfied:

1. The person has been granted a visa for entry to Australia.
2. The Commissioner has entered into an arrangement (which includes the foreign authority paying the costs associated with providing protection for the nominated person and any associated persons) with the foreign authority for the purpose of making services under the NWPP available to that foreign authority.

Details of the nature or origin of these inquiries or the actual movement of witnesses into or out of Australia or arrangements entered into between Australia and other governments cannot be reported without the possibility of compromising either the safety of the individuals concerned or the integrity of the NWPP.

Relocation of Australian witnesses overseas

If it is considered necessary to relocate witnesses overseas (who are on either the NWPP or state or territory witness protection programs), the Australian Government is able to negotiate the relocation with the relevant foreign government.

Details of the actual movement of witnesses into or out of Australia cannot be reported without the possibility of compromising either the safety of the individuals concerned or the integrity of the NWPP. The movement of witnesses into or out of Australia remains an element of the NWPP.

Financial arrangements

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

Other agencies with witnesses in the NWPP are, by arrangement with the AFP, responsible for costs, including those related to the security and subsistence needs of their witness and any operational expenses incurred by AFP Witness Protection.

The AFP is responsible for costs associated with AFP-sponsored witnesses in the NWPP.

A table of costs for the previous 10 financial years relating to the NWPP 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 2014.

Appendix: Expenditure

TABLE AA.1 NATIONAL WITNESS PROTECTION PROGRAM EXPENDITURE, 2013–14

Expenditure	Amount (\$)
AFP expenditure on NWPP	688,515.13
Less amounts recovered	291,913.07
Total AFP expenditure on NWPP	396,602.06

TABLE AA.2 TOTAL EXPENDITURE (BEFORE COSTS WERE RECOVERED) IN PREVIOUS YEARS

Financial year	Amount (\$)
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
1 July 2004 – 30 June 2005	1,667,826.70
1 July 2003 – 30 June 2004	2,160,809.62

Shortened forms

ABS	Australian Bureau of Statistics
ACBPS	Australian Customs and Border Protection Service
ACLEI	Australian Commission for Law Enforcement Integrity
AFP	Australian Federal Police
AFP Act	<i>Australian Federal Police Act 1979</i>
AFP CyberSAL	AFP Cyber Security Alert Level
AFPNET	Australian Federal Police Network
ANAO	Australian National Audit Office
ANZPAA	Australia New Zealand Policing Advisory Agency
AOCC	AFP Operations Coordination Centre
ASEAN	Association of Southeast Asian Nations
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
CCTV	closed-circuit television
ENIPID	Enhanced National Intelligence Picture on Illicit Drugs
FAC	Fraud and Anti-Corruption
FIFA	Fédération Internationale de Football Association
GST	goods and services tax
HTCO	High Tech Crime Operations
ICT	information and communications technology
ID app	identification application
IDG	International Deployment Group
IT	information technology
KPI	key performance indicator
na	not applicable
NAB	National Australia Bank
NWPP	National Witness Protection Program

OECD	Organisation for Economic Co-operation and Development
PID Act	<i>Public Interest Disclosure Act 2013</i>
PNTL	Policia Nacional de Timor-Leste
PPF	Participating Police Force
RAMSI	Regional Assistance Mission to Solomon Islands
RPNGC	Royal Papua New Guinea Constabulary
RSIPF	Royal Solomon Islands Police Force
US DEA	United States Drug Enforcement Administration

Glossary

AFP Leadership Philosophy	A values-based framework that clearly defines the essential elements AFP staff require to lead successfully in a law enforcement environment.
AFPNET	The main AFP computer system used to process, access and store information.
'All In' model	A single federal model for the delivery of nationally coordinated aviation policing and security arrangements at Australia's major airports.
Australian Institute of Police Management	An AFP-run education and networking facility that supports all Australian and New Zealand law enforcement agencies, as well as many international police officers.
AFP Directions Program	An integrated entry-level pathways program offering a range of employment options for Aboriginal and Torres Strait Islander Australians.
Disruption and Deterrence Task Group	An AFP-led operational task group to support the Operation Sovereign Borders Joint Agency Task Force.
Drug Harm Index	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.
Estimated Financial Return	A measure of performance of the economic impact on the Australian community of successful fraud investigations.
Europol	The law enforcement agency of the European Union, which aims to help achieve a safer Europe by supporting the law enforcement agencies of European Union member states in their fight against international serious crime and terrorism.
G20	The Group of Twenty, comprising the following major advanced and emerging economies: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States and the European Union.
geomatics	The discipline of gathering, storing, processing, and delivering geographic information, or spatially referenced information. It 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.
International Network	An AFP group that cooperates with other Australian Government and international law enforcement agencies domestically and internationally in an effort to combat transnational organised crime. As at 30 June 2014, the International Network had 99 members deployed to 35 locations in 28 countries.
Interpol	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.
Investigations Doctrine	A document that provides authoritative guidance that defines and develops the principles that drive the investigative culture and capability of the AFP at the individual, functional and organisational levels.
Investigations Standards and Practices initiative	An AFP initiative to support consistency, standards and quality in support of investigations across the organisation.

National Anti-Gangs Squad	A multi-agency initiative aimed at disrupting and dismantling criminal gang activity by supporting strike teams in state capitals. It provides a mechanism for the national coordination of investigations to target gang-related crime.
National Forensic Rapid Lab	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
'One AFP' project	An AFP project focusing on improving resource efficiency and eliminating duplication of activities and overlapping processes and services across the organisation.
Operation Sovereign Borders	A military-led border security operation established to ensure a whole-of-government effort to combat people smuggling and protect Australia's borders.
Project Ampla	An AFP initiative to implement a voluntary transitional process for Protective Service Officers to transition to sworn policing roles or different functional areas of the AFP in an unsworn capacity.
Project Macer	A project to facilitate the planning and implementation of the transition from the 'hybrid model', consisting of a hybrid workforce, to the 'All In' model, consisting of a sworn AFP police officer workforce that is flexibly deployable and can respond to both community policing and counter-terrorist incidents.
<i>Public Governance, Performance and Accountability Act 2013</i>	An Act about the governance, performance and accountability of, and the use and management of public resources by, the Commonwealth, Commonwealth entities and Commonwealth companies that will underpin the AFP's financial governance framework. The Act replaces the <i>Financial Management and Accountability Act 1997</i> on 1 July 2014.
Spectrum Program	An ICT program that will provide a single-technology solution for community policing, national investigations, intelligence and incident management.
Single Overseas Determination	The AFP (Overseas Conditions of Service) Determination (No. 1) 2013, which promotes consistency in conditions of service across AFP locations and functions, and aligns AFP conditions to other benchmark Commonwealth agencies.
Strategic Alliance Group	A group comprising key law enforcement agencies, including the AFP, the UK National Crime Agency, the New Zealand Police, the US Drug Enforcement Administration, the US Federal Bureau of Investigation, US Immigration and Customs Enforcement, and the Royal Canadian Mounted Police. The group's primary strategic objective is to enhance inter-agency relationships and collaboration for maximum impact against serious organised crime around the world.
Strategic Capability Plan	An AFP plan that identifies capabilities and investment priorities across the organisation and assists in strategic planning.
ThinkUKnow	A cybersecurity program that involves awareness-raising presentations delivered by trained volunteers to parents, carers and teachers through schools and organisations across Australia (supported by the website www.thinkuknow.org.au). The program is a partnership between the AFP, Microsoft Australia, Datacom and ninemsn.

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AFP

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