Parliamentary Joint Committee on Law Enforcement

Examination of the *Annual Report of the Australian Federal Police 2009-10*

August 2011

© Commonwealth of Australia

ISBN 978-1-74229-497-1

This document was prepared by the Secretariat of the Parliamentary Joint Committee on Law Enforcement and printed by the Senate Printing Unit, Parliament House, Canberra

The Committee

Members:

Mr Chris Hayes MP	ALP, NSW	**(Chair)**
Senator Brett Mason	LP, QLD	**(Deputy Chair)**
Senator Mark Furner	ALP, QLD	
Senator Stephen Parry	LP, TAS	
Senator Helen Polley	ALP, TAS	
Senator Penny Wright	AG, SA	
Ms Sharon Grierson MP	ALP, NSW	
Mr Michael Keenan MP	LP, WA	
Mr Russell Matheson MP	LP, NSW	
Ms Maria Vamvakinou MP	ALP, VIC	

Secretariat

Dr Jon Bell, Secretary

Mr Bill Bannear, Senior Research Officer

Ms Rosalind McMahon, Administrative Officer

PO Box 6100
Parliament House
CANBERRA

Telephone: (02) 6277 3419
Facsimile: (02) 6277 5794
Email: le.committee@aph.gov.au
Internet: http://www.aph.gov.au/Senate/committee/le_ctte/index.htm

Table of Contents

The Committee ..... **iii**

Abbreviations ..... **vii**

Chapter 1 ..... **1**

Introduction **1**

Examination of the Australian Federal Police Annual Report 1

Report under consideration 2

Examination of the Report 2

Acknowledgments 2

Note of references 2

Chapter 2 ..... **3**

Australian Federal Police Annual Report 2009–10 ..... **3**

Background 3

Key events of interest in 2009–10 5

Annual reporting and compliance 7

AFP structure and reporting framework 7

ANAO audit report 12

Conclusion 13

Appendix 1 ..... **15**

Witnesses who appeared before the Committee at the Public Hearing **15**

Answers to Questions on Notice **15**

Appendix 2 ..... **17**

Compliance with reporting requirements **17**

Abbreviations

ACC	Australian Crime Commission
the Act	*Parliamentary Joint Committee on Law Enforcement Act 2010*
ACT	Australian Capital Territory
AFP	Australian Federal Police
ANAO	Australian National Audit Office
Beale Audit	Federal Audit of Police Capabilities
the committee	Parliamentary Joint Committee on Law Enforcement
KPI	Key Performance Indicator
MDMA	3,4-Methylenedioxymethamphetamine
Ombudsman	Commonwealth and Law Enforcement Ombudsman
the report	Australian Federal Police Annual Report 2009–10

Chapter 1

Introduction

Examination of the Australian Federal Police Annual Report

1.1 The Parliamentary Joint Committee on Law Enforcement (the committee), formerly the Parliamentary Joint Committee on the Australian Crime Commission, has provided oversight for the Australian Crime Commission (ACC) for a number of years. However, the jurisdiction of the committee has recently widened to include the Australian Federal Police (AFP), through the provisions of the *Parliamentary Joint Committee on Law Enforcement Act 2010* (the Act).

1.2 While the committee will continue to provide oversight of the ACC, subsection 7(1) of the Act added a number of functions relating to the AFP, including:

- to monitor and to review the performance by the AFP of its functions;
- to report to both Houses of the Parliament, with such comments as it thinks fit, upon any matter appertaining to the AFP or connected with the performance of its functions to which, in the opinion of the Committee, the attention of the Parliament should be directed;
- to examine each annual report on the AFP and report to the Parliament on any matter appearing in, or arising out of, any such annual report; and
- to examine trends and changes in criminal activities, practices and methods and report to both Houses of the Parliament any change which the Committee thinks desirable to the functions, structure, powers and procedures of the ACC or the AFP.[1]

1.3 This examination of the AFP's 2009–10 annual report is the first to occur under paragraph 7(1)(f), which creates a statutory duty to examine each annual report of the Australian Federal Police (AFP).

1.4 As noted by the AFP Commissioner, Mr Tony Negus, the AFP's first appearance before the committee is a significant milestone in the oversight of the AFP.[2]

1.5 The committee appreciates the AFP's engagement with the committee so far, and looks forward to an effective oversight relationship in the future, as it undertakes the committee's wider duties to monitor, review and report on the AFP's performance of its functions.

---

1 *Parliamentary Joint Committee on Law Enforcement Act 2010*, para 7(1)(d–g).

2 Commissioner Tony Negus APM, *Committee Hansard*, 17 June 2011, p. 1.

Report under consideration

1.1 The AFP's Annual Report 2009–10 (the report) was presented to the Minister for Home Affairs, the Hon. Brendan O'Connor MP, on 30 September 2010, and was tabled in the Senate on 25 October 2010 and in the House of Representatives on 18 October 2010. As the report was the most recent available when the committee's jurisdiction expanded to include the AFP, it was selected for examination.

Examination of the Report

1.6 In examining the report, the committee held a public hearing at Parliament House, Canberra on 17 June 2011. The witnesses who appeared before the committee and answers to questions on notice are listed in Appendix 1.

Acknowledgments

1.7 The committee acknowledges the cooperation of Commissioner Negus and other officers of the AFP. Both under the committee's former incarnation, and since it formally assumed responsibility for oversight of the AFP, the AFP has regularly provided the committee with written reports and briefings on its operation, and has demonstrated a commitment to assist the committee with its various inquiries. The committee is pleased that the AFP continues to be frank and forthcoming with the information it provides to the committee.

Note of references

1.2 References to the committee *Hansard* are to the proof *Hansard*: page numbers may vary between the proof and the official *Hansard*.

Chapter 2

Australian Federal Police Annual Report 2009–10

Background

2.1 The Australian Federal Police (AFP) is the primary law enforcement agency through which the Australian Government enforces Commonwealth law. Established by the *Australian Federal Police Act 1979*, its functions include provision of policing services in relation to Commonwealth laws and property, and safeguarding of Commonwealth interests. The AFP provides community policing services to the Australian Capital Territory, while the AFP's Australian Protective Service is the Australian Government's specialist protective security provider.[1]

2.2 As Australia's national police force, the AFP provides a range of investigation and operational support, security risk management, security vetting and information services to assist the public. The nature of the AFP and what is required of it, has changed significantly in recent years, with a greater focus on national and international operations. The new challenges the AFP faces include counter terrorism, human trafficking and sexual servitude, cyber-crime, peace operations, protection and other transnational crimes.[2]

2.3 Over the last decade, the agency has grown dramatically, through new policy initiatives. The Australian National Audit Office (ANAO) estimates that in 2010–11, expenditure will approach $1.4 billion, more than three and a half times (in real terms) the amount spent in 1998–99, while staffing levels have more than doubled.[3]

2.4 Since 2000–01, around half of the new funding has been directed to transforming AFP operational capability, including in the areas of national security and serious crime, and half to supporting international deployments, including in the Solomon Islands, Papua New Guinea and Afghanistan.[4]

2.5 As depicted in figure 1 below, growth in agency expenditure has slowed since 2007–08. Expenditure in 2009–10, the focus for this report, represented an approximate increase of 8 per cent on 2008–09 expenditure, following a decrease the year before.[5]

---

1 ANAO, *Management of the implementation of new policy initiatives*, Audit Report No. 29, 2010–11, p. 11.

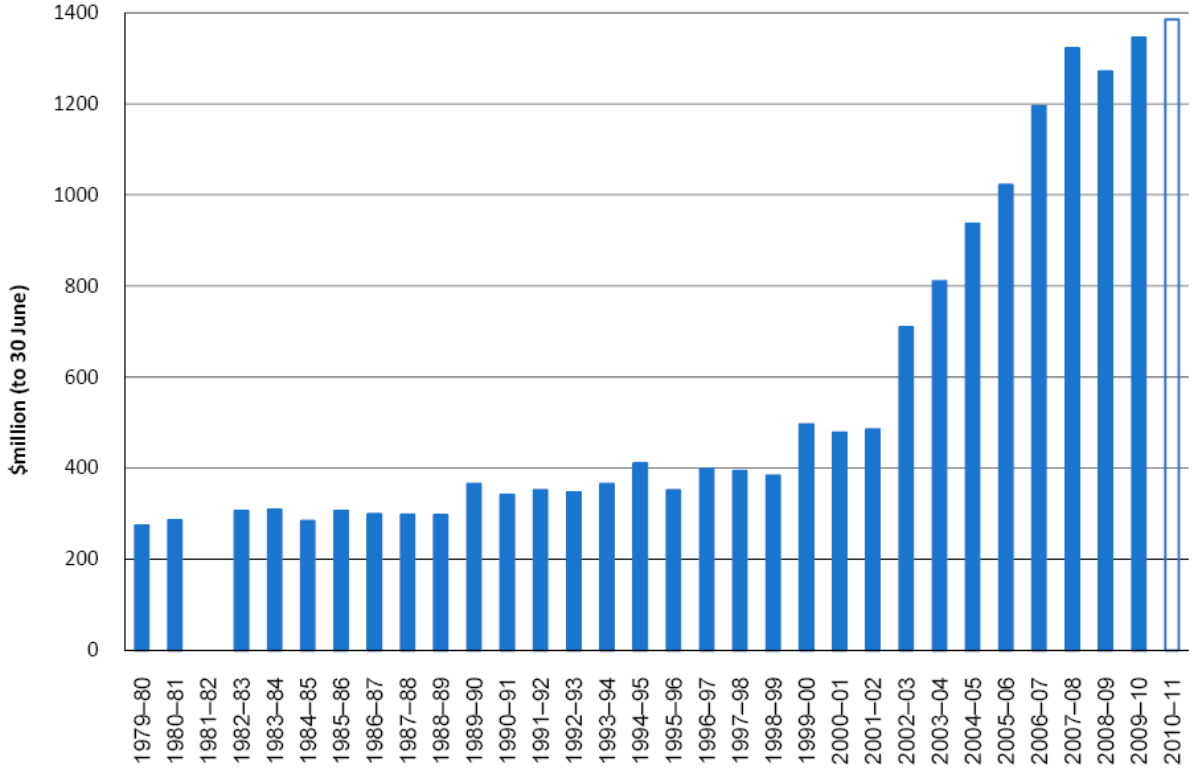
2 AFP, http://www.afp.gov.au/what-we-do.aspx and http://www.afp.gov.au/about-the-afp.aspx (accessed 12 July 2011).

3 ANAO, *Management of the implementation of new policy initiatives*, Audit Report No. 29, 2010–11, pp 11 & 15.

4 ANAO, *Management of the implementation of new policy initiatives*, Audit Report No. 29, 2010–11, p. 12.

5 Secretariat calculation based on AFP, *Annual Report 2009–10*, p. 212. Increase is in nominal, not real terms.

Figure 1: AFP Expenditure on outputs–real (2009–10 prices)[6]



2.6 The AFP's budget in 2009–10 was therefore over $1.3 billion. The AFP Commissioner, Mr Tony Negus, explained that the agency was in the process of consolidating funding allocated to new policy initiatives into the base funding of the agency, though this would be reflected in future annual reports rather than the 2009–10 report:

> The AFP has an annual budget of just over $1.3 billion, with more than 6,900 staff, including over 3,200 police and 1,067 protective service officers as at the end of April this year. We are located in each Australian state and territory and have a dedicated international liaison network of 98 officers in 31 locations around the world. In recent years a number of important reviews have impacted upon the AFP and perhaps the most significant of these was the federal audit of police capabilities, which was conducted by Mr Roger Beale AO, in 2009. The government's acceptance of the budget related recommendations from the Beale review has restructured the AFP's budget funding so that, in 2010–11, 65 per cent of our funding is now base funding compared to 27 per cent in 2009–10. This has allowed us to consolidate the AFP's national capabilities around three core operational programs. Firstly, security and protection; secondly, international deployments; and thirdly, serious crime.
>
> Adopting this recommendation in 2010–11 has provided greater flexibility in directing resources to emerging and priority needs, whilst also ensuring

6 Reproduced from ANAO, *Management of the implementation of new policy initiatives*, Audit Report No. 29, 2010–11, p. 35.

> that the AFP retains the requisite resourcing within these three key areas. These changes were reflected in the portfolio budget statements for 2010–11.[7]

2.7 The committee will continue to monitor this development as part of its statutory requirement to examine the AFP's annual reports.

Key events of interest in 2009–10

2.8 The 2009–10 Annual Report details a number of key events that occurred during that year. The committee has reproduced details of several major events of interest below.

Australian Illicit Drug Data Centre

2.9 In February 2010, the AFP opened the Australian Illicit Drug Data Centre, which analyses and helps build a picture of drug distribution across Australia. It incorporates a number of existing functions within the AFP and two new projects funded through the *Proceeds of Crime Act 2002*. The first of these projects significantly expands Australia's drug-profiling capacity, to develop a scientific basis for monitoring the geographic regions or production methods and precursors used to supply the Australian illicit drug market. The second develops a formal risk assessment methodology for precursor chemicals that have been identified by the Commonwealth Precursor Working Group.[8]

2.10 The data centre is one of several, including the Australian Bomb Data Centre and the Australian Chemical, Biological, Radiological and Nuclear Data Centre. The data centres collect, collate and analyse information and provide advice on their respective areas of expertise to the AFP and other law enforcement agencies and national security partners and also manage specific projects and programs that support national security or law enforcement outcomes.[9]

Project Wickenby

2.11 Project Wickenby is a multi-year operation targeting tax evasion schemes, involving the AFP, the Australian Taxation Office, the Australian Crime Commission, the Australian Securities and Investments Commission and the Commonwealth Director of Public Prosecutions, with support from the Australian Transaction Report and Analysis Centre, the Australian Attorney-General’s Department and the Australian Government Solicitor. The Australian Taxation Office is the lead agency for the overall project.[10]

2.12 In 2009–10, the AFP instigated court proceedings against 10 people and executed 54 search warrants for Project Wickenby operations. The report notes that at

---

7 Commissioner Tony Negus, AFP, *Committee Hansard*, 17 June 2011, pp 1-2.

8 AFP, *Annual Report 2009–10*, p. 77.

9 AFP, *Annual Report 2009–10*, p. 75.

10 AFP, *Annual Report 2009–10*, p. 48.

the time of publication, 44 people had been charged with serious fraud and money laundering offences, with four people convicted and serving custodial sentences.[11]

2.13 The report notes that through Project Wickenby, the AFP has continued to develop its own capability in combating tax crimes and cooperating with related domestic and international partner agencies. Under the Project Wickenby banner, 206 members have been trained during 2009–10 in money laundering investigation, proceeds of crime recovery and in financially-based programs.[12]

Identity crime

2.14 The AFP participated in the National Identity Security Strategy Group and chaired the Opal Group, a group of Commonwealth agencies with responsibility for identity crime enforcement issues.[13] The report notes a major success in shutting down a syndicate that was producing and using counterfeit identity documents and credit cards. The significance of this was highlighted by Commissioner Negus:

> Offences around identity crime in their own right where people are fraudulently skimming cards or manufacturing false identity documents for a particular reason to gain a financial benefit are one thing. But the fact that it is used to facilitate other crimes, up to and including terrorism, drug trafficking and other things where people will travel internationally on false passports thereby evading law enforcement interest or intelligence collection on those people is a significant vulnerability. As you are aware, the Australian Crime Commission has done a range of things with its organised crime threat assessment, and identity crime was one of the big three challenges and threats they saw to this country.[14]

2.15 In addition, as part of a four-year policy, multi-agency identity security strike teams have been established in Sydney, Melbourne, Brisbane and Perth, complemented by an online identity crime capacity in Sydney and Melbourne.[15]

Permanent national headquarters

2.16 The AFP established its first permanent national headquarters in the Edmund-Barton building with room for around 2000 staff members. The Commissioner noted that the new headquarters building is appropriately in close proximity to key partner agencies.[16] The consolidation of staff at the new headquarters involved the relocation of personnel and functions from ten separate sites.[17]

---

11 AFP, *Annual Report 2009–10*, p. 6.

12 AFP, *Annual Report 2009–10*, p. 49.

13 AFP, *Annual Report 2009–10*, p. 50.

14 Commissioner Tony Negus, AFP, *Committee Hansard*, 17 June 2011, p. 3.

15 AFP, *Annual Report 2009–10*, p. 51.

16 AFP, *Annual Report 2009–10*, p. 2.

17 AFP, *Annual Report 2009–10*, p. 129.

Destruction of Safrole Oil

2.17 Cooperation with Cambodian authorities resulted in a major operational success, with 20 metric tonnes of precursor chemicals used in the production of MDMA, being destroyed in January 2010.[18]

2.18 The committee was informed that an AFP team assisted the Cambodian authorities with the destruction effort. The report noted that the precursor chemicals could have been used to produce 93 million MDMA tablets, worth $3.8 billion.[19]

Annual reporting and compliance

2.19 Annual reporting by government agencies is based on an 'outcome and program' structure which, in the AFP's case, is set out in the Attorney-General's Portfolio Budget Statements.

2.20 The AFP's annual report is required to fulfil a number of statutory requirements, as well as guidelines for annual reports prepared by the Department of Prime Minister and Cabinet and approved by the Joint Committee of Public Accounts and Audit. The report's compliance with these requirements is set out in a compliance index[20] and briefly examined in Appendix 2 of this report.

2.21 Based on the committee's assessment of the report, it fulfils these requirements.

AFP structure and reporting framework

2.22 Following a major audit of federal police capabilities, conducted by Mr Roger Beale AO,[21] the AFP has been restructured, with the previous international, border, economic and special operations areas being reallocated within two new portfolios: *Serious and Organised Crime* and *Crime Operations*.[22] The realignment also better aligns the AFP with the Commonwealth Organised Crime Strategic Framework.[23] The changes also included the creation of a third Deputy Commissioner, with responsibility for Close Support Operations. A brief overview of the AFP, its Ministerial directions and functions are provided in the report.[24]

2.23 The AFP now delivers two outcomes. Outcome 1 is the safety and security of Australians and Australian interests, both nationally and internationally, through the

---

18 AFP, *Annual Report 2009–10*, p. 29.

19 AFP, *Annual Report 2009–10*, p. 29.

20 AFP, *Annual Report 2009–10*, pp 288–291.

21 Mr Roger Beale AO, Federal Audit of Police Capabilities, June 2009, http://www.ema.gov.au/www/agd/agd.nsf/Page/Publications_FederalAuditofPoliceCapabilities (accessed 10 June 2011).

22 AFP, *Annual Report 2009–10*, p. 2.

23 Australian Government, Commonwealth Organised Crime Strategic Framework

24 AFP, *Annual Report 2009–10*, p. 8.

investigation and prevention of crime against the Commonwealth and has six programs within it:

- Program 1.1: Criminal Investigations, which includes the Border and International, Economic and Special Operations and Terrorism components;
- Program 1.2: Close Operational Support, which includes the High Tech Crime Operations, Forensic and Data Centres and Intelligence components;
- Program 1.3: Protection Services;
- Program 1.4: International Deployment Services;
- Program 1.5: Aviation Services; and
- Program 1.6: International Police Development.[25]

2.24 Outcome 2 only has one program, which is to contribute to a safe and secure environment through policing activities on behalf of the Australian Capital Territory Government. [26]

Performance against Key Performance Indicators for Outcome 1

2.25 The AFP met 45 out of 51 Key Performance Indicators (KPIs) for Outcome 1. Unmet KPIs related to the Drug Harm Index and certain measures of client and stakeholder satisfaction.

Drug Harm Index

2.26 The Drug Harm Index, a measurement of avoided cost of drug harm due to seizures and interdiction, achieved a result of $473 million. This fell short of the domestic target of $886 million. The international achievement was $3 million, compared to a target of $47 million.[27]

2.27 The committee heard that the Drug Harm Index is a complex measure that has been developed with the University of Queensland as an innovative way to estimate the social harms around narcotics and the broader return to the community resulting from investment in law enforcement. It can, however, be unduly influenced by large seizures.[28] The report notes that in 2009–10, while the number of drug seizures increased, the weight of seizures decreased.[29] The AFP elaborated on this trend, stating:

> The number of seizures by federal agencies went up significantly and I think, from memory...it was around a 60 per cent increase in seizures. Again, that is a rough figure, but the reported weights were substantially down. So that meant a lot more small seizures. In response to that we

25 AFP, *Annual Report 2009–10*, p. 9.

26 AFP, *Annual Report 2009–10*, p. 9.

27 AFP, *Annual Report 2009–10*, pp 17–18.

28 Commissioner Tony Negus, AFP, *Committee Hansard*, 17 June 2011, p. 7.

29 AFP, *Annual Report 2009–10*, p. 16.

> actually launched an operation, called Operation Novo, which targeted parcels post where people were mailing large volumes of small amounts through the post. We arrested 25 people here in Australia and a number of people in places in South America as part of syndicates and did a lot of publicity in a preventative sense, to say, 'If you try to send drugs to Australia through the mail in small amounts, you will be caught.' A significant number of clandestine laboratories were also identified through that operation.[30]

2.28 The Commissioner noted that in the 2010–11 financial year, both the number and weight of seizures had been high, influenced by a number of major seizures.[31]

2.29 The committee sought further information regarding the methodology behind the Drug Harm Index, which was provided on notice and is available from the committee's website. The committee was informed that the Drug Harm Index formula involves multiplying the seizure weight of a particular drug by an estimate of its social cost. These estimates, referred to as the 'multiplier', are outlined in Table 1:

Table 1: Drug Harm Index—social cost estimate per kilogram of drug[32]

Drug type	**Social cost per kilogram**
Opiods	$1,009,000
Cocaine	$461,000
Sedatives	$336,000
Stimulants	$263,000
Precursors	$208,000
Cannabis	$8,000

Client stakeholder satisfaction

2.30 In addition to the Drug Harm Index KPI, the AFP fell short of a number of KPIs relating to client and stakeholder satisfaction. These measures of satisfaction were as follows:

- border and international criminal investigations achieved 78 per cent compared to the target of 80 per cent;
- close operational support – forensic and data centres achieved 76 per cent compared to the target of 80 per cent;

30 Commissioner Tony Negus, AFP, *Committee Hansard*, 17 June 2011, p. 6.

31 Commissioner Tony Negus, AFP, *Committee Hansard*, 17 June 2011, p. 6.

32 AFP, answer to question on notice, 17 June 2011 (received 14 July 2011).

- protection services – close protection achieved 81 per cent compared to a target of 90 per cent; and
- protection services – uniformed protection at Commonwealth facilities/premises achieved 75 per cent compared to a target of 90 per cent.[33]

2.31 While the shortfall for most of these unmet KPIs was not large, it is notable that the targets were all met in 2008–09. The committee will therefore examine performance in this area in future reports.

Performance against KPIs for Australian Capital Territory Policing (Outcome 2)

2.32 The AFP policing activities in the Australian Capital Territory (ACT) are very briefly summarised in the report, as the AFP is accountable to the ACT's Minister for Police and Emergency Services, for whom a separate more detailed annual report is prepared.[34]

2.33 With actual expenses in 2009–10 amounting to $139 million, ACT policing represents approximately one tenth of the AFP's operational expenditure.[35]

2.34 As a community policing role, the report focuses on areas including burglaries and antisocial and criminal behaviours associated with excessive alcohol consumption.

2.35 ACT Policing met 22 of its 34 KPIs with most of the unmet KPIs being close to the target.[36]

Human Resources

2.36 Human resources and staffing issues, including training programs, conferences and occupational health and safety issues are set out in Appendix 4 in the annual report.[37] The AFP has established a strategic human resources framework as the basis to deliver on recruitment, retention and capability requirements arising from reviews including the Beale Audit.[38]

2.37 The AFP workforce plan focuses on its gender and diversity targets, including a 50 per cent gender mix and increased numbers of indigenous Australians. Of the total AFP workforce of 6175, 33 per cent are female. By comparison, of the 3056 sworn officers, 23 per cent are female.[39]

2.38 A number of AFP staff members are out-posted to other agencies, secondments, or peacekeeping missions. A substantial proportion of out-posted staff

---

33 AFP, *Annual Report 2009–10*, pp 17–22.

34 Available on www.police.act.gov.au

35 AFP, *Annual Report 2009–10*, p. 23.

36 AFP, *ACT Policing Annual Report 2009–10*, pp 142–143.

37 AFP, *Annual Report 2009–10*, Appendix 4 and pp 135–155.

38 Mr Roger Beale AO, Federal Audit of Police Capabilities, June 2009

39 AFP, *Annual Report 2009–10*, p. 194.

are involved with stabilising or capacity building missions, including in the Solomon Islands and Timor-Leste, which make up 53 per cent and 25 per cent respectively of the out-posted staff.[40]

Management and Accountability

2.39 The AFP's internal accountability mechanisms and audits during 2009–10 covered executive management, strategic committees, insurance and risk, fraud control, anti-corruption planning and internal audit.[41]

2.40 In accordance with guidelines 1.9 and 2.8 of the Commonwealth Fraud Control Guidelines 2002, the AFP Commissioner certified that appropriate fraud prevention, detection, investigation, reporting and data-collection procedures and processes were in place.[42]

2.41 The AFP is subject to a range of external governance relationships, including with this and other parliamentary committees, the Commonwealth and Law Enforcement Ombudsman and the Law Enforcement Integrity Commissioner.[43]

2.42 The Commonwealth and Law Enforcement Ombudsman (Ombudsman) undertook a number of reviews and investigations in 2009–10, which are described in Chapter 5 of the report. These reviews and investigations are generally provided to the Parliament and are useful in assisting the committee to conduct oversight of the AFP.

2.43 The Ombudsman's annual review of the AFP recommended that the AFP conduct further analysis to determine the cause of delay in finalising complaints against the agency. The committee took the opportunity to question the AFP about this matter at its public hearing. The AFP explained that the different categories of complaints were processed in different ways:

> [F]or category 1 and 2 complaints, so the lower level complaints, the responsibility for progressing resolution sits with local supervisors, local management and local team leaders. The level of education and support in terms of good process to those areas right across the organisation has been increased in the last 18 months. The higher potential risk matters—category 3 matters—that are handled by professional standards, have had probably two main choke points in the process. The process itself was designed around the organisation when we had half or fewer numbers of staff than we currently have. So the actual systems supporting the numbers of complaints have not been adapted as the organisation has grown to the larger organisation that we now are.
>
> Over the last eight to nine months we have introduced two main changes. The first one is to make sure that, for one choke point, which was the final adjudication of the matter, after it had been investigated and a view had

40 AFP, *Annual Report 2009–10*, p. 197.

41 AFP, *Annual Report 2009–10*, pp 171–174.

42 AFP, *Annual Report 2009–10*, p. 174.

43 AFP, *Annual Report 2009–10*, pp 174–178.

> been formed about options for its resolution, an independent person or a person not previously involved in the matter comes along and adjudicates on the resolution of the matter. That step had about 250 matters awaiting adjudication around Christmas this year. About six weeks ago we hired an additional SES band 1 officer to work full time on that. That particular body of work is now less than half. It was down to 120, the last time I saw the figures. So, in terms of addressing the backlog, we have got that particular strategy. In terms of then maintaining a steady state so that we do not generate another backlog over time, the commissioners appointed a panel of additional adjudicators so that, rather than a single person having that responsibility, a small team of five or six people at that senior executive level who are trained up to perform the role can share the workload around the adjudication of those matters...The two strategies are: to redesign the system so that it can actually maintain work levels and then aggressively attack the backlog that had been created.[44]

2.44 The AFP informed the committee that it was currently discussing with the Ombudsman the complaint categorisation system that has existed for the past four years, and whether it is effective.[45] The committee will continue to monitor this and other complaint-handling issues in the future.

ANAO audit report

2.45 In February 2011, the ANAO presented to Parliament a performance audit report examining the AFP's management of the implementation of new policy initiatives.[46]

2.46 As described at the beginning of this chapter, the AFP has grown substantially over the last decade as a result of various new policy initiatives, with the amount of funding tied to new policy initiatives approaching as much as 75 per cent of the AFP's total budget at times.[47]

2.47 While the AFP's performance and effectiveness remained high during this period of growth, the ANAO has identified a need for the agency to improve upon its policy implementation capability and internal governance. Specifically, the ANAO made four recommendations relating to:

- the AFP's internal governance framework;
- increased consideration of implementation risks and mitigation strategies associated with new policy initiatives;
- measures to improve organisational capability, assurance and accountability; and

---

44 Mr Andrew Wood, AFP, *Committee Hansard*, 17 June 2011, p. 8.

45 Mr Andrew Wood, AFP, *Committee Hansard*, 17 June 2011, p. 8.

46 ANAO, *Management of the implementation of new policy initiatives*, Audit Report No. 29, 2010–11.

47 ANAO, *Management of the implementation of new policy initiatives*, Audit Report No. 29, 2010–11, p. 15.

- measures to provide greater clarity and support effective organisational oversight of new policy implementation.[48]

2.48 The AFP has endorsed these recommendations and the committee looks forward to their implementation over time. The committee discussed the AFP's proposed response to the recommendations at a public hearing on 13 July 2011, and was encouraged by the strategy outlined by the agency. Further detail can be found in the Hansard transcript of the hearing, available at http://www.aph.gov.au/hansard/joint/commttee/j168.pdf.

Conclusion

2.49 This examination of the AFP's 2009–10 Annual Report represents the committee's first formal oversight activity for the agency. The committee thanks the AFP for its positive approach to the exercise and looks forward to building a productive relationship in furtherance of the committee's statutory responsibility.

Mr Chris Hayes MP
Chair

48 ANAO, *Management of the implementation of new policy initiatives*, Audit Report No. 29 2010–11, pp 24–26.

Appendix 1

Witnesses who appeared before the Committee at the Public Hearing

Friday, 17 June 2011

Parliament House, Canberra

Australian Federal Police

Mr Tony Negus APM, Commissioner

Mr Andrew Wood, Chief Operating Officer

Mr Andrew Colvin APM OAM, Deputy Commissioner Operations

Mr Peter Drennan APM, Deputy Commissioner National Security

Answers to Questions on notice

1. Australian Federal Police, answer to question on notice, 17 June 2011 (received 13 July 2011)

2. Australian Federal Police, answer to question on notice, 17 June 2011 (received 13 July 2011)

3. Australian Federal Police, answer to question on notice, 17 June 2011 (received 14 July 2011)

4. Australian Federal Police, answer to question on notice, 17 June 2011 (received 21 July 2011)

5. Australian Federal Police, answer to question on notice, 17 June 2011 (received 21 July 2011)

Appendix 2

Compliance with reporting requirements

The AFP's Annual Report is required to fulfil a number of statutory requirements. The report's compliance with these requirements is outlined in a compliance index on pages 288–291 of the annual report. Subsection 67(1) of the *Australian Federal Police Act 1979* (AFP Act) states that:

> (1) The Commissioner shall, as soon as practicable after each 30 June, prepare and furnish to the Minister a report on the administration and the operations of the Australian Federal Police during the year that ended on that date.
>
> (1A) The report must contain, in respect of the year, prescribed particulars about:
>
> (a) the AFP conduct issues that were dealt with under Part V during that year; and
>
> (b) the action that was taken, during that year, in relation to AFP conduct issues that were dealt with under Division 3 of Part V.
>
> (2) The Minister shall cause a report furnished to him or her under subsection (1) to be laid before each House of the Parliament within 15 sitting days of that House after the report is received by the Minister.

Complaints and conduct issues

Appendix 2 of the Annual Report sets out statistics on the 802 complaints and approximately 1250 conduct issues arising during the reporting year. The information satisfies the reporting requirements of section 67(1) of the AFP Act.

The Commonwealth Ombudsman, in his February 2011 report to Parliament, raised concerns about the deterioration in complaint handling timeframes, the use of excessive force, and whether the complaint handling provisions under Part V of the *Australian Federal Police Act 1979* are being sufficiently met.

Other reporting requirements

The Annual Report also meets other requirements, including:

- information about the AFP's disability strategy on page 177;
- reporting required under section 74 of the *Occupational Health and Safety Act 1982*, is set out on pages 139–140 in line with requirements;
- information about freedom of information and other requests received by the AFP is detailed in Appendix 1 in line with subsection 8(1) of the *Freedom of Information Act 1982*;
- as required under section 311A of the *Commonwealth Electoral Act 1918*, a statement on advertising campaigns is provided in Appendix 3, table 10;
- ecologically sustainable development and environmental performance is reported on pages 129 and 178, as required under the *Environment Protection and Biodiversity Conservation Act 1999*; and
- details concerning the contracts of over $100,000 entered into by the AFP are available on the AFP's website at http://www.afp.gov.au/about-the-afp/accountability-requirements/senate-order-contracts.aspx.