



Parliamentary Joint Committee on Law Enforcement

Examination of the 2010–11 Annual Reports
of the Australian Crime Commission and
the Australian Federal Police.

May 2012

© Commonwealth of Australia

ISBN 978-1-74229-616-6

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 Fiona Nash	NATS, NSW (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

*replaced Senator the Hon Brett Mason, on 16 March 2012

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
The committee's duty to examine reports.....	1
Reports under consideration	2
Examination of the reports	2
Acknowledgments	2
Note on references	2
Chapter 2	3
Australian Crime Commission Annual Report 2010–11	3
Background.....	3
Annual reporting and compliance	4
ACC performance reporting framework	5
Financial results and human resources	11
Trends and changes in serious and organised crime	12
Issues addressed during examination	14
Chapter 3	21
Australian Federal Police Annual Report 2010–11	21
Background.....	21
Key events of interest in 2010–11	21
Annual reporting and compliance	22
AFP structure and reporting framework.....	22
Issues addressed during examination	28

Chapter 4	37
Issues relating to both the ACC and AFP	37
State and Commonwealth cooperation.....	37
Calculating the cost of organised crime	38
Declarations of interest.....	40
Audit of Project Wickenby	41
Conclusion	43
Appendix 1	45
Witnesses who appeared before the committee	45
Appendix 2	47
Information received	47
Appendix 3	49
2010 Ministerial Direction for the AFP	49
Reporting	51
Appendix 4	53
ACC Declaration of Interest Policy	53
Appendix 5	57
AFP Declaration of Interest Policy	57
Appendix 6	59
Committee undertakings and recommendations in previous annual report examinations, 2007–2010.	59

Abbreviations

AAT	Administrative Appeals Tribunal
ACC	Australian Crime Commission
the ACC Act	<i>Australian Crime Commission Act 2002</i>
the ACC report	Australian Crime Commission Annual Report 2010–11
ACID	Australian Criminal Intelligence Database
ACLEI	Australian Commission for Law Enforcement Integrity
ACMA	Australian Communications and Media Authority
the Act	<i>Parliamentary Joint Committee on Law Enforcement Act 2010</i>
ACT	Australian Capital Territory
AFP	Australian Federal Police
the AFP report	Australian Federal Police Annual Report 2010–11
AGD	the Attorney-General's Department
ALEIN	Australian Law Enforcement Intelligence Network
ANAO	Australian National Audit Office
APM	Australian Police Medal
APS	Australian Public Service
AUSTRAC	Australian Transaction Reports and Analysis Centre
BZP	Benzylpiperazine
CEI	Chief Executive's Instructions
CEO	Chief Executive Officer
CO	Commissioner's Order
the committee	Parliamentary Joint Committee on Law Enforcement

FMA Act	<i>Financial Management and Accountability Act 1997</i>
GDP	Gross Domestic Product
ICT	Information and Communications Technology
IDG	International Deployment Group
KPI	Key Performance Indicator
NCA	National Crime Authority
OAIC	Office of the Australian Information Commissioner
Ombudsman	Commonwealth and Law Enforcement Ombudsman
OMCG	Outlaw Motorcycle Gangs
PBS	Portfolio Budget Statement
PJC-LE	Parliamentary Joint Committee on Law Enforcement
PRS	Australian Federal Police Professional Standards
the report	Australian Crime Commission Annual Report 2010–11
UN	United Nations
UNODC	United Nations Office on Drugs and Crime

Chapter 1

Introduction

The committee's duty to examine reports

1.1 The Parliamentary Joint Committee on Law Enforcement (the committee) has a statutory duty to examine the annual reports of the Australian Crime Commission (ACC) and the Australian Federal Police (AFP) under the *Parliamentary Joint Committee on Law Enforcement Act 2010* (the Act).

1.2 The committee has had a long-standing responsibility to examine the annual report of the Australian Crime Commission and its predecessor, the National Crime Authority (NCA).¹ This is the committee's second opportunity to examine an annual report of the AFP since the widening of the committee's jurisdiction in 2010.

1.3 Subsection 7(1) of the Act lists the following committee functions:

- (a) to monitor and to review the performance by the ACC of its functions;
- (b) to report to both Houses of the Parliament, with such comments as it thinks fit, upon any matter appertaining to the ACC or connected with the performance of its functions to which, in the opinion of the Committee, the attention of the Parliament should be directed;
- (c) to examine each annual report on the ACC and report to the Parliament on any matter appearing in, or arising out of, any such annual report;
- (d) to monitor and to review the performance by the AFP of its functions;
- (e) 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;
- (f) 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;
- (g) 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;
- (h) to inquire into any question in connection with its functions which is referred to it by either House of the Parliament, and to report to that House upon that question.²

1 The committee was previously called the Parliamentary Joint Committee on the Australian Crime Commission, and before that, the Parliamentary Joint Committee on the National Crime Authority.

2 *Parliamentary Joint Committee on Law Enforcement Act 2010*, ss. 7(1).

1.4 The committee's responsibility to conduct this examination is therefore established under paragraphs 7(1)(c) and 7(1)(f).

Reports under consideration

1.5 The ACC's Annual Report 2010–11 (the ACC report) was presented to the then Minister for Home Affairs, the Hon Brendan O'Connor MP, on 4 October 2011 (received 5 October 2011). It was tabled in the House of Representatives on 13 October 2011 and in the Senate on 1 November 2011.

1.6 For the 2010–11 year, the Board of the ACC, through the Chair, Mr Tony Negus, Commissioner of the AFP, issued a separate annual report detailing the operations of the ACC. The committee chose to consider the Chair's report together with the ACC's main annual report.

1.7 The AFP's Annual Report 2010–11 (the AFP report) was presented to the then Minister for Home Affairs, the Hon Brendan O'Connor MP, on 22 September 2011. It was tabled in both the Senate and the House of Representatives on 31 October 2011.

Examination of the reports

1.8 In examining the reports, the committee held separate public hearings for each agency at Parliament House, Canberra on 2 March 2012. The witnesses who appeared before the committee are listed in Appendix 1.

Acknowledgments

1.9 The committee acknowledges the cooperation of Mr John Lawler APM, Chief Executive Officer of the ACC, Mr Tony Negus, Commissioner of the AFP, and officers of the ACC and AFP who assisted the committee in conducting this examination. The committee appreciates the ongoing high level of engagement with committee processes demonstrated by both agencies.

Note on references

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

Chapter 2

Australian Crime Commission Annual Report 2010–11

Background

2.1 The Australian Crime Commission (ACC) is Australia's national criminal intelligence agency. It works in partnership with other law enforcement agencies to develop a national understanding of serious and organised crime to provide target information for action by partner agencies and to predict future criminal trends.¹

2.2 The ACC's stated purpose is to unite the fight against nationally significant crime. It is described in the budget papers as a niche, complementary agency that delivers specialist capabilities and intelligence to other agencies in the law enforcement community and broader government.²

2.3 Mr John Lawler APM, CEO of the ACC, noted that this niche role was a recent development, stating:

Three years ago the ACC was very much focused on long-term criminal investigations, and I think the figure was 25 per cent of our resource in court. As a small niche agency, it was our collective view and our partners' view that in actual fact our resource and capability could be better used than that. That is not to say that court procedures and prosecution are not important; they are, but there are others with much greater agencies, much more significant capacity to be able to do that. So the ACC had to profoundly and fundamentally look at where it was that it could add value to the partners that it worked with and what sort of value proposition that looked like for various partners.

What we think needs to be at the heart of our vision and the way we operate is that we do not duplicate any activity with any other agency and that we do not embark upon an activity where we do not have a partner to join with us that will ultimately take the criminal prosecution through to finality; and to understand what our partners might need whether it is strategic intelligence products or the tactical insights around targets that might have previously been unknown to law enforcement.³

2.4 The ACC's special capabilities include coercive powers which enable it to source information that cannot be accessed through traditional policing methods, intelligence sharing frameworks provided to other agencies and special investigations approved by the ACC Board, called determinations.⁴

1 ACC, Welcome to the Australian Crime Commission, <http://www.crimecommission.gov.au/> (accessed 26 July 2011).

2 ACC, Our work, <http://www.crimecommission.gov.au/our-work> (accessed 30 March 2012).

3 Mr John Lawler, ACC, *Committee Hansard*, 2 March 2012, p. 2.

4 ACC, Our work, http://www.crimecommission.gov.au/our_work/index.htm (accessed 30 March 2012).

- 2.5 Mr Lawler noted several significant developments in 2010–11, including:
- the launch of the National Criminal Intelligence Fusion Capability in June 2010;
 - development of the agency's approach to accessing, analysing and sharing information;
 - the public release of a larger amount of information to increase national understanding of organised crime;
 - establishment of the multi-agency Task Force Galilee to combat boiler-room fraud; and
 - participation in the newly established Criminal Assets Confiscation Taskforce.⁵

Annual reporting and compliance

2.6 The ACC Annual Report must comply with requirements specified in section 61 of the *Australian Crime Commission Act 2002* (the ACC Act). Under subsection 61(2), the report must include the following:

- a description of any investigation into matters relating to federally relevant criminal activity that the ACC conducted during the year and that the Board determined to be a special investigation;
- a description, which may include statistics, of any patterns or trends, and the nature and scope, of any criminal activity that have come to the attention of the ACC during that year in the performance of its functions;
- any recommendations for changes in the laws of the Commonwealth, of a participating State or of a Territory, or for administrative action, that, as a result of the performance of the ACC's functions, the Board considers should be made;
- the general nature and the extent of any information furnished by the CEO during that year to a law enforcement agency;
- the extent to which investigations by the ACC have resulted in the prosecution in that year of persons for offences;
- the extent to which investigations by the ACC have resulted in confiscation proceedings;
- particulars of the number and results of:
 - applications made to the Federal Court or the Federal Magistrates Court under the *Administrative Decisions (Judicial Review) Act 1977* for orders of review in respect of matters arising under the ACC Act; and
 - other court proceedings involving the ACC;

5 ACC, Annual Report 2010–11, pp 14–15.

being applications and proceedings that were determined, or otherwise disposed of, during that year.⁶

2.7 In addition, the report must comply with the Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies, prepared by the Department of the Prime Minister and Cabinet and approved by the Joint Committee of Public Accounts and Audit.⁷

2.8 Based on the committee's assessment the report meets the above requirements.

ACC performance reporting framework

2.9 The ACC's performance reporting framework remained largely the same for the 2010–11 financial year.

2.10 The outcome statement for the ACC in 2010–11 was:

Reduction in the threat and impact of serious and organised crime, through analysis of and operations against national criminal activity, for governments, law enforcement agencies and private sector organisations.⁸

2.11 The two programs established in previous years to deliver this outcome were combined to create a single program in 2010–11. This single program instead includes two components, reflecting the two programs from previous years:

- strategic criminal intelligence services; and
- investigations and intelligence operations into federally relevant criminal activity.

2.12 The following section describes the agency's performance for these two components.

Component 1: Strategic Criminal Intelligence Services

2.13 The ACC's criminal intelligence services are designed to provide Commonwealth, state and territory law enforcement and relevant government agencies with the understanding of the criminal environment that they need to effectively and efficiently disrupt serious and organised criminal activity and reduce the vulnerabilities posed by serious and organised crime.⁹

2.14 The ACC gathers intelligence directly through collaborative intelligence operations and investigations, as well as through intelligence feeds from partner agencies. The agency seeks to add value to this intelligence base by fusing, assessing and analysing it to produce intelligence for its partners, sharing this information in both a strategic and more immediately 'actionable' form.¹⁰

6 *Australian Crime Commission Act 2002*, ss. 61(2).

7 FMA Act refers to the *Financial Management and Accountability Act 1997*.

8 Attorney-General's Portfolio Budget Statement, 2010–11, p. 99.

9 Attorney-General's Portfolio Budget Statement, 2010–11, p. 101.

10 ACC, Annual Report 2010–11, p. 57.

2.15 The ACC's strategic criminal intelligence services include the provision of:

- an annual assessment of National Criminal Intelligence Priorities, for endorsement by the ACC Board, which informs the intelligence collection requirements of Commonwealth, state and territory law enforcement agencies, and contributes to the national understanding of serious and organised crime;
- intelligence products which provide law enforcement agencies with detailed analyses of organised crime trends and methodologies, significant criminal targets, and emerging issues;
- a biennial Organised Crime Threat Assessment, which underpins the Commonwealth's Organised Crime Response Plan; and
- strategic intelligence reports, which provide partner agencies with intelligence that enables them to focus resources and strategies to combat serious and organised crime.

2.16 The report outlines the national criminal intelligence priorities and the strategic intelligence products delivered by the ACC. Specific intelligence products include:

- an Illicit Drug Data Report, published annually, focussing on historical drug data;
- an Organised Crime Threat Assessment, focussing on current organised crime threats and risks, updated every two years;
- the publicly available Organised Crime in Australia report;
- a National Criminal Target Report, which provides a picture of known organised crime entities that represent the highest level threats; and
- the forward looking Organised Crime 2020 product which forecasts likely trends in the organised crime environment.¹¹

2.17 The ACC's success in achieving the aims of Component 1 is measured through stakeholder feedback on two Key Performance Indicators (KPIs):

- ACC strategic intelligence is aligned with ACC Board endorsed National Criminal Intelligence Priorities; and
- the understanding of serious and organised crime by partner agencies is enhanced by ACC intelligence services, as measured by stakeholder feedback.

2.18 For the first KPI, the ACC set a target of 90 per cent of strategic intelligence products meeting the intelligence priorities. The ACC surpassed this target, achieving a result of 100 per cent. Of the 1398 intelligence products produced during the year, including operational and tactical intelligence (in addition to strategic products), 86 per cent met the board-endorsed priorities.¹²

11 For full descriptions of these documents, see ACC, Annual Report 2010–11, pp 64–68.

12 ACC, Annual Report 2010–11, p. 76.

2.19 For the second KPI, 70 per cent of partner agencies agreed or strongly agreed that the ACC's intelligence enhances their understanding of serious and organised crime. This fell short of the target of 90 per cent, although the report noted that 87 per cent of senior executives in partner agencies agreed that their understanding had improved.¹³

2.20 In the course of the committee's examination of the previous annual report, Mr Lawler had noted that there were typically higher rates of satisfaction within senior management of partner agencies and undertook to increase stakeholder satisfaction.¹⁴ Mr Lawler made similar comments during the current examination, stating:

It is fair to say that the other executives of law enforcement, both at a Commonwealth and a state level, are seen to very clearly understand the business model, clearly understand and support the direction of the commission and have an exquisite understanding of just where it is that we can assist. As we go down into agencies, and some of these are very large agencies, that starts to dissipate. Whilst the levels that we spoke of in our opening statement are good, I think we can improve on them.¹⁵

2.21 This KPI was amended in the 2010–11 budget year. Rather than measuring stakeholders' understanding of the overall criminal environment, as in previous years, the revised KPI now focuses on the understanding of the serious organised criminal environment.¹⁶

2.22 This change does not appear to have significantly altered the stakeholder survey response results. The result for 2010–11 (70 per cent) was not significantly different from the previous year's result of 67 per cent.

2.23 Mr Lawler noted that, while he saw room for improvement in this regard, there was a trade-off in the amount of effort the ACC could expend in raising the ACC's profile within larger partner agencies and the resources it could apply to other endeavours such as the Fusion Capability.¹⁷

2.24 The committee notes that the result may also point to partner agency dissatisfaction with the ACC's contribution. The committee will therefore continue to monitor this KPI and, if necessary, may seek evidence directly from partner agencies in future annual report examinations to determine the significance of this result.

Component 2: Investigations and intelligence operations into federally relevant criminal activity

2.25 The ACC's investigations and intelligence operations underpin its criminal intelligence services by providing unique intelligence collection capabilities. ACC

13 ACC Annual Report 2010–11, p. 75.

14 Mr John Lawler, ACC, *Committee Hansard*, 13 July 2011, p. 4.

15 Mr John Lawler, ACC, *Committee Hansard*, 2 March 2012, p. 3.

16 ACC, Annual Report 2009–10, p. 39.

17 Mr John Lawler, ACC, *Committee Hansard*, 2 March 2012, p. 3.

investigations are conducted in partnership with law enforcement agencies with the objective of disrupting and deterring federally relevant serious and organised criminal activity.¹⁸

2.26 In response to priorities identified by its Board, the ACC, in collaboration with law enforcement and related Commonwealth, state and territory government agencies, undertakes intelligence operations, special intelligence operations and special investigations, which gather relevant information about the extent, impact and threat of criminal activity.

2.27 In addition to collecting criminal intelligence, special investigations are designed to disrupt and deter criminal activity through arrests and seizure of illegally obtained assets, in cooperation with partner agencies.

2.28 The use of coercive powers under special intelligence operations and special investigations enables the ACC to collect information that may not otherwise be available to law enforcement.

2.29 The ACC also provides a national criminal intelligence database and analytical tools, which facilitate the sharing and analysis of criminal intelligence across jurisdictions.¹⁹

2.30 Special intelligence operations focus on gathering intelligence around particular criminal activity. In 2010–11, the ACC conducted ten special intelligence operations, into:

- amphetamine type stimulants and new synthetic drugs;
- indigenous violence and child abuse;
- illicit firearms markets in NSW;
- child sex offences;
- people smuggling;
- cocaine;
- terrorism;
- serious and organised crime penetration of the border;
- superannuation and investment fraud; and
- complex organised technology enabled crime (incorporating identity crime).²⁰

2.31 Special investigations are designed to disrupt and deter criminal groups through the collection of evidence and intelligence. Five such special investigations were conducted in 2010–11, broadly relating to:

18 ACC, Annual Report 2010–11, p. 83.

19 ACC, Annual Report 2010–11, p. 83.

20 ACC, Annual Report 2010–11, p. 84.

- high risk and established crime groups, including focused investigations in South Australia and Victoria;
- money laundering; and
- Wickenby matters (including abusive secrecy havens and tax evasion schemes).²¹

2.32 The ACC also undertakes, often jointly with partner agencies, a number of projects and operations, and contributes to various taskforces. In 2010–11, these included:

- the National Indigenous Intelligence Task Force;
- Task Force Chamonix (card skimming); and
- Task Force Galilee (fraudulent offshore investment schemes).²²

2.33 Component 2 is measured through three five performance indicators. These are:

- (a) partner agencies agree, or strongly agree, that the ACC's contribution enhances efforts to combat serious and organised crime;
- (b) partner agencies agree, or strongly agree, that the ACC's coercive powers are effective;
- (c) availability of the Australian Criminal Intelligence Database (ACID) and the Australian Law Enforcement Intelligence Network (ALEIN);
- (d) targeted ACC investigations and operations are aligned with ACC Board priorities and approved by the ACC Board; and
- (e) The ACC's operational intelligence and contribution to joint intelligence investigations and operations enhance the efficiency and/or effectiveness of law enforcement efforts to disrupt and deter serious and organised crime, as measured by stakeholder feedback. The activities of targeted criminal entities are disrupted as a result of ACC intelligence, investigations and operations, and activity is undertaken to confiscate proceeds of crime.

2.34 The ACC achieved its target (80 per cent) for the first KPI, with 85 per cent (97 per cent of senior executives) of partner agencies agreeing, or strongly agreeing that the ACC's contributions enhance efforts to combat serious and organised crime.

2.35 Only 78 per cent (83 per cent of senior executives) agreed that the ACC's coercive powers are effective, against a target of 90 per cent. This was slightly less than the 83 per cent who agreed to a similar statement in 2009–10. The committee will monitor this indicator in future examinations.

21 ACC, Annual Report 2010–11, p. 84.

22 ACC, Annual Report 2010–11, p. 84.

2.36 The ACID and ALEIN were available for use more than 99 per cent of the time, exceeding the target of 98 per cent.

2.37 The ACC reported that all investigations and operations during 2010–11 were Board approved.

2.38 For the final KPI, the ACC reported that its stakeholder research had found that:

- 54 per cent of partner agencies achieved a result or operational success in the last 12 months as a result of intelligence/information received
- 44 per cent identified a new criminal target; and
- 41 per cent identified a new law enforcement operational opportunity.

2.39 In addition, the ACC also reported that during 2010–11, it achieved the following:

- 34 disruptions;
- 141 people charged;
- 467 charges laid;
- 55 convictions;
- \$29.88 million proceeds of crime restrained;
- \$4.88 million proceeds of crime forfeited;
- \$0.37 million pecuniary penalty orders recovered;
- \$45.06 million tax assessments issued;
- 24 firearms seized;
- \$5.31 million in cash seized;
- \$141 million estimated street value of drugs seized; and
- \$617.6 million value of the illicit drug production potential of precursors seized.²³

2.40 While the committee notes that KPIs are a necessary part of the budgetary process, and provide a means to measure performance of an agency, the nature of some of the work of the ACC may not be directly quantifiable. As Mr John Lawler, CEO of the ACC stated:

While law enforcement results are traditionally measured in quantity—arrests, seizures and forfeitures—the real value the ACC brings to the fight against organised crime is best measured in its quality and harm reduction impacts. That is not to say we do not have arrests, seizures and forfeitures and you can see those clearly in the annual report. We have gone part way, I think, to capturing the view of quality through our stakeholder survey and the results are positive...This is a complex task which involves thinking

23 ACC, Annual Report 2010–11, p. 138.

about how we can best inform government policy and legislative reform where we see vulnerabilities and opportunities to enhance law enforcement capability.²⁴

2.41 The committee notes that the nature of intelligence and information within an investigation makes it hard to attribute success to any one source. As Mr Lawler explained:

If you have a very stark case of, if we contact the state police tomorrow and say if you stop car X and look in the boot you will find Y, which might be 10 kilos of heroine, and they do that and they make the arrests and they find cash and seize the drugs, the nexus is very clear and immediate and obvious. What we often deal with is less clear nexuses. So it may well be that we do a hearing that provides a weakness where the state police might then go and execute a search warrant, have somebody cooperate with them and then roll on and seize a whole lot of drugs or money or whatever it might be.

Then you have got more obtuse examples, again, where, for example, the ACC's intelligence holdings and intelligence activity or its investigative activity might actually be the last piece in the jigsaw puzzle in relation to a brief against somebody. Relatively small in the scheme of things but against the tapestry, absolutely the crucial piece of evidence that is required that allows the prosecution.²⁵

2.42 The committee agrees that it is difficult to accurately assess the impact of intelligence products, particularly given the role they play in broader investigations. Similarly, the trend towards joint investigations makes it harder to measure the contribution of a single agency, as such investigations become a team exercise.

2.43 The committee therefore considers that part of its role is to assess the ACC's performance from a qualitative point of view, in addition to the quantitative process undertaken through the budget and its KPIs. The committee has had the opportunity to interact with the ACC and its Commonwealth, state and territory partner agencies in the course of various inquiries, which has contributed to its knowledge of the ACC's activities over time. As noted above, the committee may approach this exercise more formally in the future, to complement the quantitative measures available through the budgetary process.

Financial results and human resources

2.44 In 2010–11 the number of staff grew from 546 to 628 and the number of secondments fell from 86 to 82.²⁶

2.45 The ACC received a total appropriation of \$92.2 million in 2010–11, which was a three per cent decrease from 2009–10, following a three per cent decrease from 2008–09. The ACC's financial result for 2010–11 was a deficit of \$3.5 million.²⁷

24 Mr John Lawler, ACC, *Committee Hansard*, 2 March 2012, p. 2.

25 Mr John Lawler, ACC, *Committee Hansard*, 2 March 2012, p. 9.

26 ACC, Annual Report 2010–11, p. 199.

2.46 Mr Lawler informed the committee that the ongoing budget cuts would affect the agency's performance, stating:

It would be remiss if I did not mention resources. Our stakeholders increasingly recognise the value we can bring to the national priority setting and coordination but our success brings increased demand at a time when our financial base is decreasing. Our operating model, however, is designed to be flexible and scalable—one of the reasons we brought in Project Sentinel—but it is fair to say we have reached a point where we will have to make some hard decisions about the scope of our capability and where our resources are best directed.²⁸

2.47 Mr Lawler also noted that with an increased budget, the ACC could be more effective in tackling serious and organised crime.²⁹

Trends and changes in serious and organised crime

2.48 The committee has a statutory duty to examine trends and changes in criminal activities, practices and methods.³⁰ As part of this year's examination of the ACC annual report, the committee sought information about recently identified patterns in organised crime.

2.49 The ACC informed the committee that Australia had become an attractive target for international crime groups, explaining:

The impacts of globalisation, advances in telecommunications and computer technology, the rise of Asia as the world's economic powerhouse and trends in world trade have increased the threat posed by transnational crime to Australia because we are no longer isolated and immune to world trends. Similarly, Australia's stable political system, tolerant social attitudes, relatively robust economy and high standard of living make it an attractive target country for crime groups.³¹

2.50 The ACC further noted that transnational crime groups had established a domestic beach-head within Australia, broadening their reach into illicit markets. Australia's traditional isolation from international crime, resulting from its geographical distance, has been eroded by advances in telecommunications and e-commerce.³²

2.51 Specific trends identified by the ACC include:

- exploitation of the cyber environment to:

27 ACC, Annual Report 2010–11, p. 199, and previous ACC Annual Reports.

28 Mr John Lawler, ACC, *Committee Hansard*, 2 March 2012, p. 2.

29 Mr John Lawler, ACC, *Committee Hansard*, 2 March 2012, p. 2.

30 PJC-LE Act 2010, ss. 7(1).

31 ACC, answer to question on notice, 2 March 2012 (received 10 April 2012), p. 1.

32 ACC, answer to question on notice, 2 March 2012 (received 10 April 2012), p. 1.

-
- enable traditional crimes such as fraud, drug trafficking, theft of personal identity information and child exploitation;
 - facilitate criminal activity, including through enhanced communication and money laundering; and
 - conduct criminal activity against computer networks;
 - growing markets for drug analogues, novel substances and illicit pharmaceuticals;
 - importation and distribution of illicit drugs, tobacco, counterfeit goods and other illicit commodities, with associated corruption and infiltration of sea and air ports, security and the entertainment sectors; and
 - sophisticated money-laundering schemes, involving the inter-mingling of criminal proceeds with the legitimate economy, facilitating complex fraud, large-scale laundering and tax evasion using large, legitimate companies.³³

2.52 The ACC outlined a number of measures that could assist to disrupt these illicit ventures, including:

- making ACC information and intelligence more widely available, including to private sector stakeholders;
- using criminal intelligence for additional purposes, including advising on the suitability of certain individuals to hold licenses to work in specific areas, such as the Maritime Security Identity Card;
- ensuring newly identified drug analogues and novel substances are included in policy responses in a timely manner;
- targeting criminal wealth, including through reformed unexplained wealth provisions;
- revising the telecommunications interception regime to address technological changes since the regime was introduced in 1979; and
- consideration and cooperation to counter the evolving threat of serious and organised investment fraud, involving non-traditional partner agencies.³⁴

2.53 The committee understands the rapidly evolving and opportunistic nature of serious and organised crime requires flexible and forward-looking policy development. The committee will continue to use the information provided by the ACC and partner agencies in its consideration of these issues, both through these examinations and in its major inquiries.

33 ACC, answer to question on notice, 2 March 2012 (received 10 April 2012), pp 1–2.

34 ACC, answer to question on notice, 2 March 2012 (received 10 April 2012), pp 3–4.

Issues addressed during examination

Fusion Capability

2.54 The National Criminal Intelligence Fusion Capability is intended to enhance monitoring of the most significant serious and organised crime threats, detect previously unknown but significant serious and organised crime threats, enhance links between serious and organised crime intelligence and national security, and provide better assessments and intelligence to Government and program delivery agencies on the risks posed by serious and organised crime for predictive analysis.

2.55 The Fusion Capability brings together a variety of specialists from different government agencies, with access to their own agency's information holdings. They work collaboratively to put the pieces together and provide a more comprehensive picture of criminal targets, risks, threats and vulnerabilities. Experts include financial investigators, operational psychologists, data-mining technicians, statisticians and experts in database management and architecture.

2.56 The partnership involves the ACC, the Australian Customs and Border Protection Service, the Australian Federal Police, the Australian Securities and Investments Commission, the Australian Taxation Office, the Australian Transaction Reports and Analysis Centre (AUSTRAC), Centrelink, the Department of Immigration and Citizenship, the national intelligence community and state and territory law enforcement agencies.

2.57 The committee heard that the Fusion Capability had resulted in the identification of over 70 new persons of interest, through the matching of information already held by the Commonwealth. As Mr Lawler noted:

It is progressing on schedule and already delivering tangible results. Fusion, which is in the second year of a four-year implementation schedule, promises to deliver new intervention and prevention opportunities for law enforcement. It has already identified more than 73—up from the annual report figure of 52—previously unknown high-threat targets. The near real time reporting that Fusion delivers will enable more law enforcement action on emerging threats before they become entrenched.³⁵

2.58 Mrs Karen Harfield, Executive Director, Fusion, Target Development and Performance, elaborated on the intent of the Fusion Capability, explaining:

The way to think of it in terms of what it presents as an opportunity for Australia in relation to understanding organised crime is particularly around the discovery element of previously unknown aspects in relation to risk—the identification of threat and risk. Clearly we have opportunities with partners that already exist around the knowns. I will try not to be Donald Rumsfeld, but the known knowns are an important aspect for our agency to be clear about, certainly in terms of also establishing what is already known but is currently in disparate pockets across agencies. So it gives us that opportunity. What it creates then is an understanding of true intelligence

35 Mr John Lawler, ACC, *Committee Hansard*, 2 March 2012, p. 1.

gaps and where we can focus effort and also an understanding of what are currently unknown unknowns, which is the element of discovery. Part of the unknown targets that we have created are people who have not come to light in a traditional crime theme type, methodology or particular type of facilitator, so it presents new opportunities for conventional law enforcement intervention but also unconventional treatment of that threat and risk.³⁶

2.59 The committee heard that the combination of data sets held by the Fusion Capability, and the connections that could be established between them allowed for new questions to be asked of existing information. As Mrs Harfield explained:

The fusion capability and the experts that we have in there in terms of data analysis and data mining as a collective come together with our partners to say, 'What are the intelligence gaps that we know about and what specific intelligence questions can we ask the data that then raise for us suspicion about particular types of criminality?' Those are intelligence questions that could never have been asked before because we have not connected the data together before in those ways.³⁷

2.60 The ACC noted that it had spoken to the Privacy Commissioner and could only work with partner agencies within legislative frameworks. Interrogation of the data still requires a specific authorisation under the relevant legislation.³⁸

2.61 The Fusion Capability is currently funded on a four-year basis, to expire in two years' time. The committee heard that the bulk of the funding provided was for the staff involved in the project, although thought may need to be given to future capital expenditure to support an extension of the project's life.³⁹

Illicit firearms assessment

2.62 On 13 February 2012, the Minister for Home Affairs and Justice, the Hon Jason Clare, announced the ACC would conduct a National Intelligence Assessment of the illegal firearm market and its links to gang activity in Australia.⁴⁰

2.63 The committee heard that the ACC has previously undertaken work in this area, with the last assessment completed in 2008.⁴¹ Mr Lawler noted that the current assessment would update this information, stating:

It is fair to say that there has been over decades a black market in handguns. We see handguns predominantly being used in the drive-by shootings of more recent times. There is no question that some of those drive-by

36 Mrs Karen Harfield, ACC, *Committee Hansard*, 2 March 2012, p. 4.

37 Mrs Karen Harfield, ACC, *Committee Hansard*, 2 March 2012, p. 4.

38 Mrs Karen Harfield, ACC, *Committee Hansard*, 2 March 2012, p. 5.

39 Mr David Lacey, ACC, *Committee Hansard*, 2 March 2012, p. 5.

40 The Hon Jason Clare, Minister for Home Affairs and Justice, 'Firearms used in drive by shootings to be traced by the Australian Crime Commission, media release, 13 February 2012.

41 Mr John Lawler, ACC, *Committee Hansard*, 2 March 2012, p. 5.

shootings—in fact a significant number—are linked to serious and organised criminals. Particularly the outlaw motorcycle gangs feature prominently. We know from our broader strategic work that firearms are an enabler to assist organised crime to exercise authority and control over markets and their organisations. This is what we see in New South Wales and, indeed, more broadly around the country.⁴²

2.64 Mr Lawler informed the committee that the ACC intended to complete a classified report on the matter by mid-year.⁴³

Security breaches

2.65 On 28 February 2012, the Daily Telegraph published Australian Crime Commission documents obtained through a freedom of information request, detailing security breaches since 2007.⁴⁴ The committee sought further information from the ACC on these matters, and was informed that, since 2007, there had been 62 security incidents.⁴⁵

Table 1: Number of security breaches by year

Year	2007	2008	2009	2010	2011
No.	2	8	13	21	18

2.66 The ACC informed the committee that, of these incidents, 80 per cent related to lost or stolen security passes or assets and ten per cent were security breaches or contravention of policy which occurred within the ACC with no external loss of information. Of the remainder, four were more serious, relating to the loss of information, or in one case, a weapon. The ACC noted that Code of Conduct action is taken in the more serious cases where there may be an element of negligence or intent.⁴⁶

2.67 The ACC told the committee that it has a positive culture of staff self-reporting incidents, despite the possibility of disciplinary action, stating:

This culture is supported by a rigorous regime of awareness raising and education within the agency. When security breaches do occur they are reported and investigated accordingly and should there be any trends of concern, briefings are released across the ACC and changes incorporated to training and awareness. The experience of other agencies is that the

42 Mr John Lawler, ACC, *Committee Hansard*, 2 March 2012, p. 5.

43 Mr John Lawler, ACC, *Committee Hansard*, 2 March 2012, p. 5.

44 The Daily Telegraph, 'Sorry about that, Chief: Australian Crime Commission bungles revealed', 28 February 2012.

45 ACC, answer to question on notice 3, 2 March 2012 (received 16 March 2012), p. 1.

46 ACC, answer to question on notice 3, 2 March 2012 (received 16 March 2012), pp 1–2.

reported security incidents may well increase as staff become more aware of security related requirements and the reporting framework.⁴⁷

2.68 The committee agrees that a positive reporting culture is an essential element of protecting security, but notes the significance of security breaches within an agency like the ACC. The committee will therefore continue to assess the ACC's ongoing efforts to turn around the current upward trend in the number of security breaches.

2.69 The committee sought similar information from the AFP, which reported that the consolidated recording of all security incidents commenced in May 2010. While not all reported security incidents are determined to be security breaches or violations as defined by the Protective Security Manual, each reported incident is reviewed by the AFP Security Portfolio and where a breach or violation is identified, the matter is referred to the Security Investigations Team for investigation.

2.70 In 2011, seven breaches or violations required investigation within the AFP, compared to 17 in 2010. Breaches or violations are categorised as follows:

- unsolicited or suspicious contact;
- compromise of covert or discreet or sensitive capability;
- harm directed towards an AFP appointee;
- loss or compromise of documents or information owned or held by AFP (both national and non-national);
- loss, damage or compromise of AFP property;
- loss of ICT equipment; and
- incidents in relation to a computer.

2.71 The committee is not able to determine whether the figures provided by the AFP are compiled on the same basis as those of the ACC. It has therefore not sought to draw a comparison between the figures, but notes trend of decreasing numbers of breaches within the AFP in recent years.

Ombudsman's reports

2.72 The committee's previous examination of the ACC's annual report included consideration of the Commonwealth Ombudsman's report on controlled operations. The Ombudsman has a statutory duty to inspect the ACC's compliance with the requirements of the controlled operations provisions.

2.73 The Ombudsman and the ACC had identified an issue with the process around extending a controlled operation beyond three months in cases where the scope of the operation also changed.⁴⁸

2.74 The committee recommended that where a variation to a controlled operation authority is sought that would change both the scope and the duration of the authority

47 ACC, answer to question on notice 3, 2 March 2012 (received 16 March 2012), p. 2.

48 See PJC-LE, Examination of the ACC 2009–10 Annual Report, p. 11.

beyond three months, that the scope change should be approved internally by the appropriate authorising officer and the change in duration of the controlled operation authority beyond three months should be approved by the AAT.

2.75 Furthermore, the committee recommended that if there are any administrative or legislative impediments to the approach outlined in this first recommendation, that the Government make appropriate adjustments to administrative arrangements or legislation as necessary to enable such an approach.

2.76 The committee sought to obtain further information about how this issue had been handled subsequently. The Ombudsman's most recent report on the inspection of controlled operations records (for the period 2010–11) canvasses the ongoing issue, stating:

We have had a significant amount of discussion and correspondence with the ACC about this issue. The ACC's view is that when a 'significant alteration' of the nature of controlled activity is required, a variation is not permitted by s. 15GO(5) and an application for a new authority is the only option available. This, in effect, prevents an application to the nominated AAT member to vary the duration of an existing authority. We agree with this view.

Further, the ACC believes that the requirement to attend before an AAT member is not mandatory and even if consecutive authorities do not differ significantly, a new authority can still be obtained internally. The ACC has advised that advice it obtained from the Australian Government Solicitor is consistent with this view.⁴⁹

2.77 The Ombudsman noted that, since March 2011, the ACC has undertaken to adopt the practice of seeking AAT review where legally possible – that is, when the nature of controlled activity is not significantly altered.⁵⁰

2.78 Both the ACC and the Ombudsman agree that where there has been a significant alteration to the nature of a controlled operation, the authority must not be varied and the agency must apply for a new authority.

2.79 However, at the time of the release of the Ombudsman's most recent report (January 2012), the ACC and Ombudsman apparently disagreed about what constituted a significant alteration.⁵¹

2.80 The ACC informed the committee that in response to the ambiguity of interpretation of what constitutes the elements of a 'significant alteration', the ACC had engaged with the Attorney-General's Department (AGD) and the Ombudsman. As a result of that engagement, and based on guidance from AGD, the ACC has

49 Commonwealth Ombudsman, A report on the Commonwealth Ombudsman's activities in monitoring controlled operations 2010–11, January 2012, p. 14.

50 Commonwealth Ombudsman, A report on the Commonwealth Ombudsman's activities in monitoring controlled operations 2010–11, January 2012, p. 14.

51 Commonwealth Ombudsman, A report on the Commonwealth Ombudsman's activities in monitoring controlled operations 2010–11, January 2012, pp 14–15.

altered internal policies in relation to controlled operations to reflect an agreed position reached between all parties.⁵²

2.81 Due to the retrospective nature of the Ombudsman's inspections, it will not be able to report on the outcomes of the ACC's approach, agreed in consultation with AGD as noted above, until after the 2011–12 financial year inspections.

2.82 The committee will therefore wait until the release of the 2011–12 inspection results before making further comment.

2.83 The committee received a private briefing on these matters from the Acting Commonwealth Ombudsman, Ms Alison Larkins, on 19 March 2012.

52 ACC, answer to question on notice 1, 2 March 2012 (received 16 March 2012), p. 1.

Chapter 3

Australian Federal Police Annual Report 2010–11

Background

3.1 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

3.2 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

3.3 In 2010, the then Minister for Home Affairs and Justice, the Hon Brendan O'Connor, issued a new Ministerial Direction, outlining the Minister's expectation of the AFP and key strategic priorities. The 2010 Ministerial Direction is included at Appendix 3.

Key events of interest in 2010–11

3.4 The Commissioner's review of 2010–11 highlights a number of key events that occurred during that year. These include:

- a focus on reinvigorating the AFP's investigative and operational capabilities;
- delivery of crisis support during and following the Queensland floods, Cyclone Yasi and the New Zealand earthquake;
- two major seizures of cocaine, totalling 640kg in all, working in combination with partner agencies;
- development of counter-terrorism capabilities;
- establishment of the Criminal Assets Confiscation Taskforce;
- establishment of a liaison post in New Delhi, India;

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).

- continuation of the mission to the Solomon Islands, where democratic elections were held;
- recognition of the AFP as the top public sector organisation for the 2011 Australian Employer Quality Index award;
- continued implementation of the All-In airport policing model; and
- the official opening of the AFP's new national headquarters.

Annual reporting and compliance

3.5 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.

3.6 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 index³.

3.7 In addition, 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.

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

AFP structure and reporting framework

3.9 Commencing in the 2010–11 Budget, the AFP revised its program structure. The revised structure complements the Australian Government's response to the recommendations contained in the Federal Audit of Police Capabilities (Beale Review), which was publicly endorsed by the government in December 2009 and has

3 AFP, *Annual Report 2010–11*, p. 202.

been under active implementation. Further, the portfolio budget statement notes that the revised structure positions the AFP well to respond to the challenges identified in the National Security Statement, the Commonwealth Organised Crime Strategic Framework, and the 2010 Counter Terrorism White Paper.⁴

3.10 The AFP delivers two outcomes. Outcome 1 changed somewhat from the previous year, to become 'reduced criminal and security threats to Australia's collective economic and societal interests through cooperative policing services. The programs within this outcome have been restructured into four programs:

- Program 1.1: National Security – Policing;
- Program 1.2: International deployments;
- Program 1.3: Operations – Policing; and
- Program 1.4: Close operational support.⁵

3.11 Outcome 2, which is 'a safe and secure environment through policing activities on behalf of the Australian Capital Territory Government is achieved through a single program, Program 2.1: ACT Policing.⁶

Performance against Key Performance Indicators for Outcome 1

3.12 The AFP met 30 out of 32 Key Performance Indicators (KPIs) for Outcome 1. Unmet KPIs related to external satisfaction regarding operational coordination and internal satisfaction regarding the provision of close operations support.⁷

Program 1.1: National Security – Policing

3.13 Program 1.1 comprises Aviation, Counter Terrorism and Protection, bringing together elements that were previously spread across three programs (criminal investigations, protection services and aviation services).

3.14 The annual report described a number of achievements for this program in 2010–11, including:

- successful prosecution of three people for terrorism offences, relating to Operation Neath;
- establishment of a dedicated Terrorism Financing Investigations Unit;
- establishment of a Countering Violent Extremism Team; and
- contributing to the establishment of a multi-agency Counter Terrorism Control Centre.⁸

4 AFP, Portfolio Budget Statement, p. 164.

5 AFP, Portfolio Budget Statement, p. 165.

6 AFP, Portfolio Budget Statement, p. 165.

7 AFP, Annual Report 2010–11, p. 16.

8 AFP, Annual Report 2010–11, p. 24.

3.15 The AFP tested the overall level of external client and partner satisfaction with this program's performance through the AFP Business Satisfaction Survey. The result was a satisfaction rating of 90 per cent, which exceeded the target of 85 per cent.⁹

3.16 The other KPIs within this program were specific to two AFP functions – Aviation and Counter Terrorism. All KPIs were met or exceeded. Within the counter terrorism stream:

- 96 per cent of time was spent on high-impact to very high-impact cases;
- 100 per cent of counter-terrorism investigations were preventive (not responsive);
- 82 per cent of time was spent on operational activity (versus capacity development activity); and
- 100 per cent of counter-terrorism investigations resulted in a prosecution, disruption or intelligence referral outcome.¹⁰

3.17 In the aviation stream:

- 77 per cent of Aviation network users were satisfied or very satisfied by the contribution of the AFP to aviation law enforcement and security;
- 93 per cent of resources were used to undertake proactive and intelligence-led counter-terrorism, crime management, public order and first response operations; and
- the percentage of responses to aviation law enforcement and/or security incidents in accordance with priority response times was within the targeted range.¹¹

Program 1.2: International deployments

3.18 Program 1.2 relates to the activities of the International Deployment Group. Established in February 2004, the International Deployment Group (IDG) provides the Australian Government with a standing capacity to deploy Australian police domestically and internationally to contribute to stability and capacity development operations. The IDG contributes to Australia's United Nations (UN) commitments, as well as regional security and rule of law interests.

3.19 The annual report described a number of achievements for this program in 2010–11, including:

- UN missions in Cyprus, Sudan, Timor-Leste and Afghanistan;

9 AFP, Annual Report 2010–11, p. 18.

10 AFP, Annual Report 2010–11, p. 18.

11 AFP, Annual Report 2010–11, p. 18.

- capacity development programs in Cambodia, Timor-Leste, Vanuatu, Samoa, Tonga, Papua New Guinea, Nauru and other members of the Pacific Island Forum;
- the Regional Assistance Mission to the Solomon Islands; and
- domestic deployments as part of the Northern Territory Emergency Response and to external territories.¹²

3.20 Performance for this program, as measured by key performance indicators was as follows:

- 100 per cent of international clients and 91 per cent of Australian clients and stakeholders were satisfied or very satisfied with the program;
- positive feedback was received in the course of quality assurance reviews conducted by internal and external parties;
- the University of Queensland project on measuring the impact of IDG's contribution to peace operations and international capacity building was finalised;
- 94 per cent of mission resources were committed to countries with rule of law indicators below the international median;
- 92 per cent of mission resources were committed to countries in the Asia-Pacific region; and
- the number of police committed to support multilateral missions exceeded the international average on a per capita basis.¹³

Program 1.3: Operations – Policing

3.21 The AFP Crime Program was created in response to the Commonwealth Organised Crime Strategic Framework to enable a holistic approach to combating organised crime both nationally and internationally. Nationally the Crime Program has teams in Darwin, Perth, Adelaide, Hobart, Melbourne, Canberra, Sydney, Brisbane and Cairns; internationally it has teams in 30 countries.¹⁴ The Crime Program's structure comprises the crime operations and serious and organised crime subunits. The latter includes the AFP International Network.

3.22 Achievements in 2010–11 included:

- The seizure of over 5 tonnes of illicit drug and precursor chemicals;
- The restraint of \$41 million in proceeds of crime;
- Establishment of the Criminal Assets Confiscation Taskforce; and

12 AFP, Annual Report 2010–11, pp 36–37.

13 AFP, Annual Report 2010–11, p. 19.

14 AFP, Annual Report 2010–11, p. 47.

- The seizure of \$16 million and the arrest of 12 people for money laundering through the high risk funds strategy.¹⁵

3.23 This success of the program is measured through the following key performance indicators:

- 80 per cent of external clients or stakeholders were satisfied or very satisfied with operational and investigative collaboration;
- 51 per cent of serious and organised crime operations were conducted under joint agency agreements;
- The return on investment for investigation of transnational crime was reported by the AFP to be \$13 for each \$1 expended;
- 18 per cent of cases targeted the criminal economy; and
- 99 per cent of cases before court resulted in a conviction.¹⁶

3.24 One KPI within this program, relating to partner agency satisfaction, was not met. 71 per cent of partner agencies were satisfied or very satisfied with operational coordination of joint policing activities around border-related crime, falling short of a target of 80 per cent.

Program 1.4: Close operational support

3.25 The Operations Support function provides:

- centralised monitoring and initial response, coordination and communications support to AFP operations;
- management of the AFP's corporate business process strategies and related relationships with internal and external stakeholders;
- delivery of the next generation of systems and processes to align business with information technology functionality; and
- delivery of security networks for the handling and management of intelligence and sensitive information.¹⁷

3.26 The performance of this program is measured through the following key performance indicators:

- 84 per cent of external clients or stakeholders were satisfied or very satisfied with this program;
- 79 per cent of internal clients or stakeholders were satisfied or very satisfied with this program;
- National Association of Testing Authorities Accreditation remained current in all relevant forensic disciplines;

15 AFP, Annual Report 2010–11, p. 47.

16 AFP, Annual Report 2010–11, p. 20.

17 AFP, Annual Report 2010–11, p. 61.

- 91 per cent of technical intelligence was provided to the AFP and partner agencies within five business days;
- The number of forensic service requests completed met the desired target;
- 100 per cent of scheduled deliverables were completed for offshore capacity-building projects;
- 95 per cent of time spent on technology crime investigations related to high-impact to very high-impact cases;
- 73 per cent of technology crime investigations that came before court were high or very high impact;
- The conviction rate for technology crime investigations was 97 per cent;
- 64 per cent of law enforcement personnel completed technology-related (tier 1) training; and
- 82 per cent of those who participated in a post-presentation survey indicated increased awareness of technology-related crime.¹⁸

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

3.27 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.¹⁹

3.28 The AFP met 29 of 34 KPIs for this outcome, an improvement from the previous year.²⁰

Staffing and Resources

3.29 The AFP's total net resourcing from payments made in 2010–11 was almost \$1.5 billion.²¹ The majority of its expenses came from Outcome 1, totalling \$1.28 billion, which exceeded the budgeted amount by \$9.5 million. Of the four programs within that Outcome, actual expenses were as follows:

- National Security – Policing: \$367 million;
- International Deployments: \$364 million;
- Operations – Policing: \$266 million; and
- Close Operational Support: \$282 million.²²

18 AFP, Annual Report 2010–11, p. 20.

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

20 ACT Policing Annual Report 2010–11, p. 67.

21 AFP, Annual Report 2010–11, p. 133.

22 AFP, Annual Report 2010–11, pp 134–135.

3.30 The AFP employed a grand total of 6898 staff members during 2010–11, compared to 6715 in the previous year. 47 per cent were sworn officers, 15 per cent were Protective Service Officers, and the remaining 38 per cent were unsworn staff members.²³

3.31 Over half of AFP staff were based in Canberra, while 6 per cent were posted overseas.²⁴ 34 per cent of AFP staff members were female, with the majority of female staff members serving in unsworn positions.²⁵

3.32 The average staffing level for Outcome 1 was 5769, compared to 963 for Outcome 2 (ACT Policing).²⁶

Issues addressed during examination

Complaint handling

3.33 In 2010–11, there were 920 complaints made against the AFP. This represented a 15 per cent increase in the number of complaints made compared to the previous year.²⁷

3.34 Of the 920 complaints, there were 156 Category 1 complaints, which are conduct issues that relate to minor management, customer service and performance matters. There were 501 Category 2 complaints, which are conduct issues that include minor misconduct and unsatisfactory performance. There were 233 Category 3 complaints, which are conduct issues are serious misconduct matters that do not involve corruption but may give rise to employment termination, breaches of criminal law and serious neglect of duty. Finally, 30 complaints related to corruption issues.²⁸

3.35 Over half of the complaints reported were from another AFP member. Mr Andrew Wood, Chief Operating Officer of the AFP, noting this fact, stated:

When we do look at the sorts of matters that have been reported internally, they do reflect that people are well aware of the commissioner's orders, the commissioner's instructions and the level of expectation that we have in relation to the behaviour of the Federal Police force. Obviously, we expect our members to maintain higher standards than those of the broader community and higher standards than those of other parts of the broader public sector. So the level of complaint does, in my view, reflect a strong commitment to maintain a high level of integrity in the organisation so people do feel it is the right thing to do to report behaviours that they are not comfortable with.²⁹

23 AFP, Annual Report 2010–11, p. 126.

24 AFP, Annual Report 2010–11, p. 127.

25 AFP, Annual Report 2010–11, p. 129.

26 AFP, Annual Report 2010–11, pp 135–136.

27 AFP, Annual Report 2010–11, p. 120; AFP, Annual Report 2009–10, p. 185.

28 AFP, Annual Report 2010–11, p. 120.

29 Mr Andrew Wood, AFP, *Committee Hansard*, 2 March 2012, p. 3.

3.36 The committee also notes that 173 of the 920 complaints related to an audit that the AFP undertook of the leave and time-recording systems.³⁰

Timeliness of complaint handling

3.37 The committee discussed the timeliness of the AFP's complaint handling in last year's annual report examination, after the Ombudsman recommended that the AFP conduct further analysis to determine the cause of delay in finalising complaints against the agency. The committee heard that the AFP had put in place measures to improve the speed of complaint handling, and undertook to monitor the situation.³¹

3.38 The Ombudsman's most recent report, however, again raises issues relating to complaint handling, stating:

The timeliness of managing and finalising complaints continues to deteriorate – particularly in relation to the most serious complaints. We have often raised this issue in our reviews, but to date the measures that the AFP has taken to address the issue have not proven to be effective. More recently the AFP has indicated to us that timeliness is improving and that certain new initiatives have cleared a large backlog. We will see at our next review if there has been any substantial improvement.³²

3.39 During 2010–11, the Ombudsman also recorded 15 administrative deficiencies against the AFP under Section 15 of the *Ombudsman Act 1976*. This was an increase from six in 2009–10 and four in 2008–09.³³

3.40 The committee sought a response from the AFP on these matters, and was told that the majority of these administrative deficiencies were in relation to an unreasonable delay in the resolution of complaints.³⁴

3.41 The AFP sets benchmarks for the investigation and completion of complaints, which are:

- Category 1 complaints – 21 days;
- Category 2 complaints – 45 days; and
- Category 3 complaints – 180 days.³⁵

3.42 The Ombudsman noted that the percentage of cases finalised within these benchmarks had deteriorated over time. This is shown in the graph below, reproduced

30 Mr Andrew Colvin, Acting Commissioner, AFP, *Committee Hansard*, 2 March 2012, p. 3.

31 PJC-LE, Examination of the Australian Federal Police Annual Report 2009–10, pp 11–12.

32 Commonwealth Ombudsman, Annual report on the Commonwealth Ombudsman's activities under Part V of the *Australian Federal Police Act 1979*, For the period 1 July 2010 to 30 June 2011, November 2011.

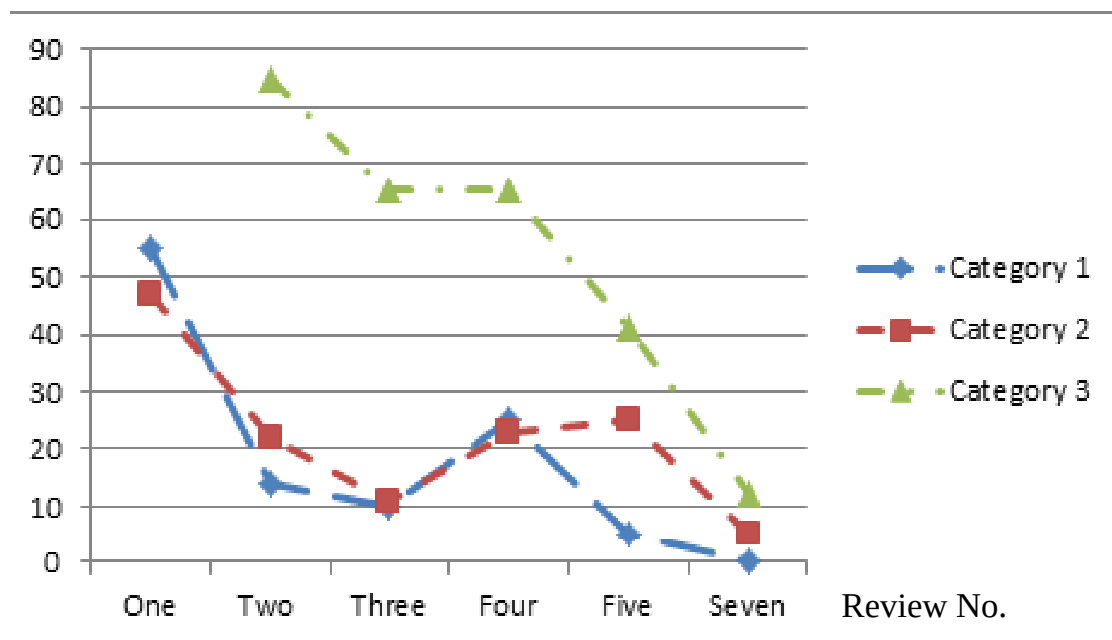
33 AFP, Annual Report 2010–11, p. 176.

34 AFP, answer to question on notice 5, 2 March 2012 (received 28 March 2012), p. 1.

35 Commonwealth Ombudsman, Annual report on the Commonwealth Ombudsman's activities under Part V of the *Australian Federal Police Act 1979*, for the period 1 July 2010 to 30 June 2011, November 2011, p. 14.

from the Ombudsman's report, showing the percentage of cases finalised within benchmarks over the last seven reviews (considering records from December 2006 onwards).

Figure 1: Percentage of cases finalised within benchmark during first seven reviews by Ombudsman (2006–2011)³⁶



3.43 The AFP noted that it is currently reviewing the benchmarks for complaint handling timeframes, as they were established at the implementation of Part V of the AFP Act when limited data was available.³⁷

3.44 The AFP informed the committee that, while it recognised that more work was needed, there was some evidence of an improvement in the timeliness of complaint handling. The AFP cited timeliness in finalising Category 3 and 4 complaints, indicating that 310 had been finalised in the first half of 2011–12, compared with 166 for the entire previous year. In addition, Category 3 complaints submitted in 2011 have an average run-time of 196 days compared to those submitted in 2009 and 2010 (644 and 421 days respectively).³⁸

3.45 The AFP further noted that more time would be needed to observe the impact of measures taken to reduce the backlog in complaints handling.³⁹

36 Commonwealth Ombudsman, Annual report on the Commonwealth Ombudsman's activities under Part V of the *Australian Federal Police Act 1979*, for the period 1 July 2010 to 30 June 2011, November 2011, p. 14.

37 AFP, answer to question on notice 6, 2 March 2012 (received 29 March 2012), p. 2.

38 AFP, answer to question on notice 5, 2 March 2012 (received 28 March 2012), p. 1.

39 AFP, answer to question on notice 6, 2 March 2012 (received 29 March 2012), p. 1.

3.46 The committee is concerned about the deterioration in the average run-time of complaint cases and will continue to monitor this issue. The committee recommends that the average run-time statistic be included for all categories of complaint in subsequent annual reports.

Recommendation 1

3.47 The committee recommends that the AFP annual report include the average number of days taken to resolve cases for each category of complaint, to enable the committee to better monitor the timeliness of complaint resolution.

3.48 The committee also notes that one way to drive improvement in complaint handling timeframes may be to include them as a Key Performance Indicator. This may be an appropriate approach if the current steps being taken by the AFP are not successful at reducing complaint handling timeframes.

External and internal complaint establishment rates

3.49 The Ombudsman also drew attention to the disparity in the establishment rates of internal and external complaints. While the overall internal establishment rate was 60 per cent, the same rate for external complaints was only seven per cent.⁴⁰

3.50 The AFP noted that, anecdotally, this disparity was similar in other jurisdictions, explaining that there were a number of reasons why the internal and external complaint establishment rates might be different. These include:

- A number of external complaints received are from people who, at the time of the incident, were affected by alcohol and other drugs, which may impact on the reliability of the evidence they provide;
- Often, external complaints arise from situations where people have been arrested or otherwise taken into custody, or from people who are suffering forms of mental illness. Again, whilst not discounting the probability of legitimate complaints, this may impact on the reliability of the evidence they provide;
- In terms of internal complaints, staff tend only to complain when the issue is clear and evidence related to internal complaints are generally easier to obtain due to rigorous AFP control systems such as e-mail audits etc.; and
- Police are trained to provide evidence and information in a structured and logical manner, including during the course of submitting a complaint.⁴¹

40 Commonwealth Ombudsman, Annual report on the Commonwealth Ombudsman's activities under Part V of the *Australian Federal Police Act 1979*, for the period 1 July 2010 to 30 June 2011, November 2011, p. 8.

41 AFP, answer to question on notice 6, 2 March 2012 (received 29 March 2012), p. 2.

Favouring evidence given by an officer

3.51 The Ombudsman's review reiterated a view from previous inspection periods, that it was evident that not all of the witnesses reasonably available to the PRS investigation were interviewed, stating:

Our impression was that investigators and decision-makers tended to prefer the evidence of an AFP member over that of a complainant and did not always seek confirmatory evidence either way when it was available (although this was not always the case). We remain of this view based on the results of this review.⁴²

3.52 The Ombudsman accepted that there may be good reason to prefer AFP members' version of events – for example sometimes this was because the complainant was considered to be affected by alcohol or drugs at the time. However, the Ombudsman indicated that the reason for the investigating officer's decision to accept one version over another needs to be clearly elaborated on the record, and the investigator also needs to demonstrate that sufficient effort was made to gather and test corroborating evidence from other members present or other witnesses.⁴³

3.53 The AFP agreed with the Ombudsman on this point, accepting that investigation reports should clearly articulate the reasons for critical decisions, including the avenues of enquiry undertaken when investigating complaints and drawing conclusions from the information gathered.⁴⁴

3.54 The committee notes that, in response to the Ombudsman's comments, the AFP has improved training of Professional Standards Investigators in regard to the writing of investigations reports so the statement of reasons for a recommendation is clear in regard to the balancing of evidence.⁴⁵

Finalisation of corruption issue investigations

3.55 In its examination of the 2009–10 ACLEI annual report, the Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity noted that the rate at which external agencies conclude inquiries appears to significantly contribute to the large number of unresolved corruption issues at the end of each financial year. The AFP, while concluding 16 investigations in 2010–11 (compared to 4 in the previous year), carried over 40 incomplete investigations into 2011–12, representing a substantial proportion of the total number of issues carried forward in ACLEI's statistics.

42 Commonwealth Ombudsman, Annual report on the Commonwealth Ombudsman's activities under Part V of the *Australian Federal Police Act 1979*, for the period 1 July 2010 to 30 June 2011, November 2011, p. 18.

43 Commonwealth Ombudsman, Annual report on the Commonwealth Ombudsman's activities under Part V of the *Australian Federal Police Act 1979*, for the period 1 July 2010 to 30 June 2011, November 2011, p. 18.

44 AFP, answer to question on notice 6, 2 March 2012 (received 29 March 2012), p. 2.

45 AFP, answer to question on notice 6, 2 March 2012 (received 29 March 2012), p. 2.

3.56 The AFP noted that the investigation of corruption complaints, the fourth category of complaint within the AFP framework, involves complicated matters which may take considerable time to investigate thoroughly. Furthermore, the AFP informed the committee that, as a result of continued dialogue between the AFP and ACLEI, it has been notifying ACLEI of more matters each year as understanding of potential corruption issues increases.⁴⁶

3.57 The AFP reported to the committee that, in cooperation with ACLEI, it has continued a trend in increasing the numbers of finalised matters each year. From 1 July 2011 to 7 March 2012, 48 matters have been finalised.⁴⁷ The committee will examine ACLEI's statistics in the next round of annual reports to assess the impact of this increased effort by the AFP.

Transition to All-In aviation policing model

3.58 The committee sought an update on the transition from the Unified Policing Model to the All-in model at Australia's major airports. This transition from state, territory and federal arrangements to a single federal model is expected to enhance security and create efficiencies within the aviation sector.⁴⁸

3.59 This new arrangement, staffed by sworn AFP members, involves the construction of new purpose-built AFP premises and canine facilities. In 2010–11, one canine facility was completed, construction of two purpose-built AFP premises commenced and interim AFP premises were occupied.⁴⁹

3.60 The AFP informed the committee that, as of March 2012, of the 673 police officers at the airports, there were 42 remaining state and territory police. In addition, 160 Protective Service Officers remained within that number, either awaiting transition or redeployment.⁵⁰

Ombudsman's inspection of controlled operations records

3.61 The Ombudsman found that in 2010–11, the majority of controlled operations records held by the AFP demonstrated compliance with Part IAB of the *Crimes Act 1914*. The AFP demonstrated improved compliance in relation to the recording of details for controlled operations and in its reporting obligations to the Minister.⁵¹

3.62 The Ombudsman found that some improvement was still required, with issues relating to:

46 AFP, answer to question on notice 8, 2 March 2012 (received 29 March 2012), p. 1.

47 AFP, answer to question on notice 8, 2 March 2012 (received 29 March 2012), p. 1.

48 AFP, Annual Report 2010–11, p. 29.

49 AFP, Annual Report 2010–11, p. 29.

50 Mr Andrew Colvin, Acting Commissioner, AFP, *Committee Hansard*, 2 March 2012, p. 7.

51 Commonwealth Ombudsman, A report on the Commonwealth Ombudsman's activities in monitoring controlled operations 2010–11, January 2012, p. 2.

- the AFP ensuring applications for authorities specify the identity of each civilian participant and the conduct in which they may engage;
- the AFP ensuring its general register contains all of the information required under the Act, in order to demonstrate that controlled conduct occurred under a valid authority; and
- the AFP not providing Commonwealth Ombudsman inspecting officers with requested documents relevant to an inspection in a timely manner.⁵²

3.63 The committee received a private briefing on these matters from the Acting Commonwealth Ombudsman, Ms Alison Larkins, on 19 March 2012.

Drug Harm Index

3.64 In the committee's examination of the AFP's 2009–10 Annual Report, it provided detail on the composition of the drug harm index, an estimation of the social harms around narcotics and the broader return to the community resulting from investment in law enforcement.⁵³

3.65 The Drug Harm Index was not included as a Key Performance Indicator in 2010–11, although at over \$1 billion, it was more than double last year's result (\$473 million) and exceeded last year's domestic target of \$886 million.⁵⁴

3.66 The Drug Harm Index has instead been used to inform a different measure, return on investment. This figure appears as KPI 19: return on investment for investigation of transnational crime. The main components of this calculation are the estimated financial return from fraud and drug investigations (\$249 million) and the Drug Harm Index.⁵⁵

ANAO reports

3.67 One relevant ANAO report was tabled during the reporting period. ANAO Report No. 43 related to the AFP Protection Services and made no recommendations. The ANAO concluded that the services provided by the AFP Protection Service are being managed effectively. The functional integration of the APS into the AFP has largely been completed, with key elements such as recruitment, training and human resource management delivered and monitored through common AFP-wide systems.⁵⁶

3.68 The ANAO noted that while management oversight and service delivery are generally sound, there are a number of weaknesses in some of Protection's supporting administrative arrangements that have the potential to impede effective management decision-making and the allocation of resources. In particular, the ANAO was of the

52 Commonwealth Ombudsman, A report on the Commonwealth Ombudsman's activities in monitoring controlled operations 2010–11, January 2012, p. 2.

53 PJC-LE, Examination of the AFP Annual Report 2009–10, p. 8.

54 AFP, Annual Report 2010–11, p. 17.

55 AFP, Annual Report 2010–11, p. 17.

56 ANAO, Australian Federal Police Protection Services, Audit Report No. 43, May 2011.

view that there would be benefits to both Protection and its clients in increasing the transparency of Protection's cost-recovery arrangements, strengthening its reporting arrangements to clients, and improving the performance information for both the Protection function as a whole, and for individual clients. Staff surveys have found that Protection staff have lower job satisfaction and feel a sense of disengagement from the rest of the organisation, which indicates that there is still work to be done to achieve greater functional and workforce integration into the AFP.⁵⁷

57 ANAO, Australian Federal Police Protection Services, Audit Report No. 43, May 2011.

Chapter 4

Issues relating to both the ACC and AFP

State and Commonwealth cooperation

4.1 The federal nature of Australian government requires close cooperation between the jurisdictions and their agencies to effectively combat crime. Historically, competition and lack of communication between law enforcement agencies has, on occasion, undermined this goal.

4.2 The committee is aware, through statements made in the context of its other inquiries, of a general consensus that relationships and cooperation between state and federal law enforcement agencies have improved significantly in recent years. For example, Acting Commissioner of the AFP, Mr Andrew Colvin observed:

From my experience in the AFP I can say that I am quite confident that I have not seen our relationships with states and territories as positive and as productive as they are at the moment.¹

4.3 The committee therefore sought information from the ACC and AFP about the status of cross-border cooperation and the mechanisms in place to enable them to work together with state law enforcement agencies.

4.4 Mr Lawler noted that the ACC had established offices in each state and territory, creating an ACC presence in each jurisdiction. In smaller states and territories, the ACC typically seconds a representative of the local police force to ensure good communication. This keeps state police agencies briefed on the ACC's capability and intelligence and improves the flow of information to the ACC itself.² Mr Paul Jevtovic, Executive Director, Intervention and Prevention, reflected on the good relationships that have developed, stating:

I think it would be fair to say that, in every jurisdiction of Australia, the relationship at all levels from our state office representatives to our operatives in each jurisdiction, will even receive phone calls where law enforcement officers will want to strategise around opportunities against a particular crime type. So we have that cascading relationship, from the CEO's role with the board all the way through to the people who are the coalface.

Having just come from a jurisdiction over a number of years I can say that that relationship at the working level is of a very high standard.³

1 Mr Andrew Colvin, Acting Commissioner, AFP, *Committee Hansard*, 2 March 2012, p. 9.

2 Mr John Lawler, ACC, *Committee Hansard*, 2 March 2012, p. 7.

3 Mr Paul Jevtovic, ACC, *Committee Hansard*, 2 March 2012, p. 7.

4.5 When asked about the contribution of resources to the ACC's work made by state agencies, Mr Lawler responded:

I find it difficult to put myself in the position of a state and territory police commissioner in determining what resource they might provide to the commission versus their own challenges in meeting the demands of their state and territory governments in dealing with crime in their particular territories. That having been said, clearly the work that we do is collaborative. It is fiscal at one level but then there are often partnership arrangements—and I could name a number—where state and territory police and state and territory commissioners contribute very significant resources in operations and the provision of capability that the commission may not have.⁴

4.6 \$4.1 million was provided to the ACC in 2010–11 in return for services rendered to states and territories. However, as the ACC explained, this figure did not account for various in-kind contributions made by states and territories.⁵

4.7 The AFP also indicated that cooperation with state and territory partner agencies was a priority. As the Acting Commissioner, Mr Andrew Colvin remarked:

You may recall that Commissioner Negus has said on a number of occasions, and when he was sworn in as commissioner, that there is nothing the AFP does that we can do alone, so our relationship with other state and territory law enforcement agencies, the ACC and private sector and other agencies that have an interest in our business is a core focus.⁶

4.8 Mr Colvin informed the committee that the AFP's 2010–11 focus on reinvigoration of investigative and operational capabilities was in part to improve relationships with national and international counterparts. As at 6 January 2012, 54 per cent of serious and organised crime investigations were conducted under a formalised joint agency agreement. Mr Colvin also noted that the other 46 per cent of investigations would also be a form of joint investigation that did not progress to a formal agreement.⁷

Calculating the cost of organised crime

4.9 Ms Christine Ma, an intern working for a committee member, Senator Stephen Parry, conducted a research assignment on the costs of serious and organised crime in Australia. The report was accepted by the committee as additional information in support of the examination of the ACC annual report.

4 Mr John Lawler, ACC, *Committee Hansard*, 2 March 2012, p. 8.

5 Dr David Lacey, ACC, *Committee Hansard*, 2 March 2012, p. 5.

6 Mr Andrew Colvin, Acting Commissioner, AFP, *Committee Hansard*, 2 March 2012, p. 8.

7 Mr Andrew Colvin, Acting Commissioner, AFP, *Committee Hansard*, 2 March 2012, p. 8.

4.10 The report reviewed methodologies used by law enforcement agencies and academics to account for the cost of organised crime. Using one of these methodologies, the report found the cost of organised crime in Australia to be between \$44 and \$88 billion in 2010.⁸ This is much higher than the ACC's conservative estimate of \$15 billion annually.

4.11 Mr Lawler noted that the Australian Institute of Criminology had spent some time considering the calculation of the true cost of serious and organised crime, which is a challenging undertaking. As Mr Lawler noted:

If one puts out a figure in the public arena then, quite rightly, that figure can and should be challenged as to the basis on which these assertions are made, which is why the commission has adopted a conservative position here. It has done so on the basis of authoritative world standards adopted by the World Bank, the UNODC and others, which put the cost of organised crime at between one and two per cent of GDP. They even acknowledge that that might be on the low side. In the context of the most recent GDP figures for Australia, which I think are about \$1.34 trillion, that puts it in the range of about \$13 billion to \$26 billion, give or take, acknowledging that even that range is conservative. Indeed the UK figures have a much higher percentage. I think it is about four or five per cent...

The commission is landing at between \$10 and \$15 billion. We think we are in an absolutely defensible position. Whether it is \$15 or \$17 billion, in one sense, a \$15 billion cost to the Australian community is just an enormous amount of money. But we would concede from the good work that was done in that work that, in fact, the figure might be much higher. One reason is the percentages we have spoken of and the second is it is fair to say this is an illicit environment, so the figures are not publicly available, and one makes best judgments and estimates around the cost.⁹

4.12 Mrs Harfield informed the committee that the publication of the report had stimulated some discussion within the agency and further consideration of the costs of organised crime. She also noted that the global financial crisis had complicated the issue, with debate over whether economic downturn affects organised crime in a positive or negative fashion.¹⁰

4.13 The committee requested the AFP's feedback on the methodologies employed in the Real Underbelly report. In response, the AFP noted that while there are aspects of the methodology which are sound and consistent with approaches used by other

8 Ms Christine Ma, 'The Real Underbelly', http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=le_ctte/annual/2012/hearings/underbelly_report.pdf, p. 42.

9 Mr John Lawler, ACC, *Committee Hansard*, 2 March 2012, p. 8.

10 Mrs Karen Harfield, ACC, *Committee Hansard*, 2 March 2012, p. 5.

researchers and other aspects which require further validation and in some cases, further data.¹¹ Positive aspects included:

- enumeration of external costs including productivity losses medical costs policing/law enforcement and intangible costs;
- full specification of component costs including specifying crime type, data sources, country and year of collection;
- adjustment for unreported crime;
- inclusion of ‘victimless crimes’ i.e. crimes against commercial and public sectors;
- greater use of Australian data where available; and
- explicit referencing of all key numerical quantities such as the Gross Domestic Product.¹²

4.14 Aspects that, according to the AFP, required further validation or data were:

- the estimation of the impact of money laundering of \$1.39 for every dollar laundered, in that a sensitivity analysis should be conducted to determine robustness (particularly regarding the currency/applicability of component data such as the ABS Input-Output tables from 1996-97);
- the estimation of the proportion of crime attributable to organised crime groups in Australia, in that the international data used in the underbelly report may not be applicable in Australia; and
- the estimation of policing/law enforcement costs could be expanded to include more accurate figures, other agency costs, court and prison costs, and private sector prevention.¹³

4.15 The AFP noted that the report's value may include acting as a catalyst for a consensus among researchers and agency experts on the strengths, weaknesses and gaps in the current data and prompt further collection of relevant data.¹⁴

Declarations of interest

4.16 The committee requested that both the ACC and the AFP provide their policy on declarations of interest, including financial interests and other possible conflicts of interest. Copies of these policies are provided at Appendix 4 and 5.

4.17 The AFP informed the committee that all senior officers had reported as required. The AFP advised that, in practice, the Chief Operating Officer was

11 AFP, answer to question on notice 3, 2 March 2012 (received 28 March 2012), p. 1.

12 AFP, answer to question on notice 2, 2 March 2012 (received 28 March 2012), p. 1.

13 AFP, answer to question on notice 2, 2 March 2012 (received 28 March 2012), pp 1–2.

14 AFP, answer to question on notice 2, 2 March 2012 (received 28 March 2012), p. 2.

responsible for collecting each declaration, reading them and advising the Commissioner of any relevant conflicts of interest. Mr Andrew Wood, the COO, explained that he discussed the declaration with the staff member in order to heighten their understanding of the risks arising from particular interests.¹⁵

4.18 The ACC also informed the committee that the reporting regime had been complied with. Mr John Lawler, CEO, explained that all senior officers reported to him, while he reported to the Minister. Mr Lawler observed that the ACC aimed to ensure a culture where people understand what a conflict of interest is and when they identify it, are able to bring it forward in a transparent and documented way.¹⁶

Audit of Project Wickenby

4.19 In February 2012, the ANAO tabled a report performance audit report on the administration of Project Wickenby. The Project Wickenby cross-agency taskforce was established in 2006 to protect the integrity of Australia's financial and regulatory systems by preventing people from promoting, facilitating or participating in illegal offshore schemes, particularly those involving the abusive use of secrecy havens.¹⁷

4.20 The taskforce includes the Australian Taxation Office, the ACC, the AFP, the Australian Securities and Investments Commission, AGD, the Commonwealth Director of Public Prosecutions and the Australian Transaction Reports and Analysis Centre.¹⁸ The committee has considered the activities of this taskforce in the course of previous inquiries and annual report examinations.

4.21 The ANAO found that as a result of Project Wickenby's focus on preventing the abusive use of secrecy havens, Australia is presently less attractive for international tax fraud and evasion than it otherwise would have been. Results included the conviction of 20 people and more than \$1 billion in tax liabilities being raised.¹⁹

4.22 The ANAO observed sound governance arrangements for Project Wickenby. In relation to the ACC and AFP, it found that:

Undertaking serious criminal investigations is challenging when dealing with complex tax evasion schemes in foreign secrecy haven jurisdictions, where critical evidence to support prosecutions is difficult to obtain, and investigation processes are subject to extensive legal disputation. Within this environment, the ACC and AFP have worked effectively, together with other taskforce agencies, to investigate and prosecute the participants,

15 Mr Andrew Wood, AFP, *Committee Hansard*, 2 March 2012, p. 7.

16 Mr John Lawler, ACC, *Committee Hansard*, 2 March 2012, pp 6–7.

17 ANAO, *Administration of Project Wickenby*, Performance Audit No. 25, 2011–12, pp 13–14.

18 ANAO, *Administration of Project Wickenby*, Performance Audit No. 25, 2011–12, p. 14.

19 ANAO, *Administration of Project Wickenby*, Performance Audit No. 25, 2011–12, p. 16.

facilitators and promoters of secrecy haven schemes. However, responding to these challenges and disputes has been resource intensive and costly to the administration of the project, resulting in investigations being completed much later than planned. ACC investigations were completed in an average 49 months (compared to the planned 18 months), and AFP investigations 36 months (compared to the planned 12 months).²⁰

4.23 The ANAO reported that both agencies, but particularly the ACC, could improve elements of investigation planning and case management, including maintaining comprehensive records. Specifically, ANAO noted:

Major investigation plans generally lacked specific risk assessment and mitigation, and significantly underestimated the resource requirements. The incomplete recording on both agencies' electronic case management system of key investigation management documents, such as investigation and tactical plans, poses a risk to the effectiveness of investigations, given the complexity and extent of challenge experienced.²¹

4.24 The ANAO made two recommendations relating to the ACC and AFP as follows:

- To better manage criminal investigations, the ANAO recommends that the ACC and AFP improve procedures and practices to:
 - (a) approve and record critical investigation decisions, activities and outcomes in case management systems; and
 - (b) store, locate and retrieve investigation documentation from investigation management systems.
- To support timely and effective case management, the ANAO recommends that the AFP revise its practices for allocating serious tax and financial crime investigations among state and territory offices.

20 ANAO, Administration of Project Wickenby, Performance Audit No. 25, 2011–12, p. 19.

21 ANAO, Administration of Project Wickenby, Performance Audit No. 25, 2011–12, p. 19.

Conclusion

4.25 The committee thanks the ACC and the AFP for their engagement with the parliamentary oversight process, and congratulates both agencies on another successful year.

4.26 The committee looks forward to continuing to oversee the agencies' activities, and, through these examinations, providing an assessment of the contribution to Australian law enforcement made by each.

Mr Chris Hayes MP

Chair

Appendix 1

Witnesses who appeared before the committee

Friday, 2 March 2012 – Canberra ACT

Australian Crime Commission

Mr John Lawler APM, Chief Executive Officer

Mrs Karen Harfield, Executive Director Fusion, Target Development and Performance

Mr Paul Jevtovic APM, Executive Director, Intervention and Prevention

Dr David Lacey, Executive Director People, Business Support and Stakeholder Relations

Australian Federal Police

Acting Commissioner Andrew Colvin, Acting Commissioner

Deputy Commissioner Michael Phelan, Deputy Commissioner, Close Operations Support

Acting Deputy Commissioner Steve Lancaster, Acting Deputy Commissioner, National Security

Mr Andrew Wood, Chief Operating Officer

Appendix 2

Information received

Answers to Questions on Notice from the Australian Crime Commission

ACC, answer to question on notice 1, 2 March 2012 (received 16 March 2012)

ACC, answer to question on notice 2, 2 March 2012 (received 16 March 2012)

ACC, answer to question on notice 3, 2 March 2012 (received 16 March 2012)

ACC, answer to question on notice 4, 2 March 2012 (received 16 March 2012)

ACC, answer to question on notice 5, 2 March 2012 (received 10 April 2012)

ACC, answer to question on notice 6, 2 March 2012 (received 16 March 2012),
Update (received 28 March 2012)

ACC, answer to question on notice 7, 2 March 2012 (received 16 March 2012)

Additional Information

The Real Underbelly - The Methodology Behind Costing Organised Crime in Australia, report drafted by Ms Christine Ma for Senator Stephen Parry through the Australian National Internship Program.

Answers to Questions on Notice from the Australian Federal Police

AFP, answer to question on notice 2, 2 March 2012 (received 28 March 2012)

AFP, answer to question on notice 3, 2 March 2012 (received 28 March 2012)

AFP, answer to question on notice 4, 2 March 2012 (received 29 March 2012)

AFP, answer to question on notice 5, 2 March 2012 (received 28 March 2012)

AFP, answer to question on notice 6, 2 March 2012 (received 29 March 2012)

AFP, answer to question on notice 7, 2 March 2012 (received 29 March 2012)

AFP, answer to question on notice 8, 2 March 2012 (received 29 March 2012)

AFP, answer to question on notice 9, 2 March 2012 (received 10 April 2012)

AFP, answer to question on notice 10, 2 March 2012 (received 30 March 2012)

Appendix 3

2010 Ministerial Direction for the AFP

Minister for Home Affairs, the Hon Brendan O'Connor MP

This Ministerial Direction is issued under subsection 37(2) of the *Australian Federal Police (AFP) Act 1979* and outlines the Government's priorities and expectations for the AFP. Under section 37(1) of the Act, the Commissioner has the general administration, and the control of the operations, of the AFP. It supersedes the Direction issued on 25 August 2008.

The AFP is the Australian Government's primary law enforcement agency. It is Australia's international law enforcement and policing representative and the chief source of advice to the Government on policing issues. AFP functions are set out in section 8 of the *AFP Act 1979*. Within that framework, the AFP pursues clearly defined outcomes agreed by the Government.

The Government is committed to the goal of the AFP being a law enforcement agency second to none. It is also committed to ensuring the AFP is adequately positioned and appropriately resourced to deal with a complex and shifting law enforcement environment.

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

- Countering the threat of terrorism to the safety and security of Australians and Australian interests, inside and outside Australia, including through countering violent extremism;
- Supporting the implementation of the Commonwealth Organised Crime Strategic Framework and preventing, deterring, disrupting and investigating serious and organised criminal activities impacting on the interests of the Australian community;
- Safeguarding the economic interests of the nation from criminal activities such as serious fraud, money laundering, corruption, intellectual property crime and technology enabled crime;
- Contributing effectively to Australia's border management and security, particularly protecting Australia from people smuggling, including prevention, deterrence and disruption;
- Contributing effectively to the Government's international law enforcement interests including matters involving cooperation to combat transnational organised crime, responses to emergencies, law and order capacity building missions, and participation in internationally mandated peace operations;

- Countering the threat of cyber-crime 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;
- Implementing the relevant recommendations of the Federal Audit of Police Capabilities *New Realities: National Policing in the 21st Century*, particularly achieving a revised program structure and consolidation of most of the core, lapsing and terminating funding into base funding; and enhancing core investigative capabilities;
- Contributing actively to broader government programs or initiatives where their successful implementation requires the engagement of law enforcement capabilities;
- Where possible identifying emerging criminal threats to the national interest and, for issues in which the AFP have operational expertise, advising on appropriate approaches, to counter such threats.

In performing its functions and prioritising its activities I expect the AFP to adhere to Government policies and to:

- Work cooperatively and collaboratively with Australian Government, State and Territory Government and international counterpart departments and agencies in developing, implementing and managing national security, law enforcement and crime prevention policies, and operational activities, including through information and intelligence sharing;
- Take account of the Government's long-standing opposition to the application of the death penalty, in performing its international liaison functions;
- Continue to develop, implement and manage advanced information and support systems that enable the sharing of criminal information and intelligence among law enforcement and intelligence agencies;
- Maintain and enhance a professional culture, based on AFP core values, that ensures the community's confidence is maintained at all times including through effective policing and the AFP workforce respecting and reflecting the diversity of the Australian community;
- Maintain a contemporary workforce strategy encompassing attraction and retention strategies in relation to Australians from all backgrounds;
- Build a relationship of trust with the indigenous community through the expansion of indigenous recruitment, enhancement of cultural sensitivity within

its workforce and improved engagement with Aboriginal and Torres Strait Islander people, including maintaining its Reconciliation Action Plan and Indigenous Employment Strategy;

- Manage AFP resources efficiently and effectively in accordance with the *Financial Management and Accountability Act 1997* and the Finance Minister's Orders;
- Maintain a high standard of corporate governance, including risk management, through legislative compliance and fostering a culture of continuous improvement;
- Protect privacy, occupational health and safety and workplace diversity.

Reporting

- The Government expects the AFP to report regularly to the Minister for Home Affairs on its performance. The Government also expects the AFP to report biannually on the nature and number of cases where information is provided to foreign law enforcement agencies in cases involving the death penalty. Consistent with the outcomes of the Attorney-General's 2009 review, the AFP should take account of the Governments' long standing opposition to the application of the death penalty;
- Be responsive to requests from the Government, my Office and the Department and keep me informed about significant events related to the AFP's activities through clear, concise and timely advice, particularly in relation to issues which may affect the AFP's capacity to achieve the priorities outlined above or functions under the *AFP Act 1979*;
- From July 1 2010, and consistent with the accountability expected as a result of the new AFP appropriations arrangements announced in the 2010/11 Budget, I expect the AFP to consult me when considering any significant reallocation of resources. Should the AFP be considering a reallocation of resources that may impact upon the implementation of the strategic priorities set out in this Ministerial Direction, or may impact upon the implementation of strategic government priorities, the AFP Commissioner or his nominee will consult me and other relevant Ministers prior to finalising these deliberations.

I also ask that you consult with my Department if for any reason you believe any of these priorities may not be achievable or if you believe the list of priorities should be amended.

The Hon Brendan O'Connor MP Minister for Home Affairs

1 July 2010

Appendix 4

ACC Declaration of Interest Policy

Response to committee question on notice relating to declarations of interest

The ACC requires staff to report each potential conflict of interest. Each conflict of interest that is reported and entered into the Conflict of Interest Register is reviewed. Should there be an issue in the report the Integrity Assurance Team will contact the staff member and their manager to provide assistance to resolve the (real or apparent) conflict of interest. In addition to conflict of interest requirements and procedures covered in staff induction, the ACC has provided specific training to 1221 participants since 2009-2010 on “Ethics, Fraud, Corruption and Security”.

There have been no issues arising from those conflicts disclosed in the reporting period. As at 14 March 2012:

- 2010-2011: 9 reports
- 2011-2012: 8 reports

The ACC is anticipating a rise in reports due to increased education of staff as to what constitutes a conflict of interest and with the release of the ACC’s Conflicts of Interest Policy and Declaration Form.

As part of its ongoing commitment to maintaining best practice and excellence in governance, the ACC is currently reviewing its processes and is developing a new Conflict of Interest Policy.

The following are relevant parts of ACC policies and procedures relating to conflict of interest:

ACC Chief Executive Instructions (published in March 2010)

The CEI’s were introduced to ensure the ACC was in a position to manage its resources effectively, complementing both the APS and ACC Values, while meeting its obligations to stakeholders.

Paragraph 8.5.4(c) states:

All ACC officers are required to observe the APS Code of Conduct. Specifically, with respect to fraud or corruption, they must:

- (c) conduct themselves in a manner that will ensure they avoid situations where their actions may be perceived to be fraudulent, corrupt or unduly influenced by a conflict of interest, or abet, ignore or condone such breaches. Failure to do so may result in action under the APS Code of Conduct

Paragraph 8.5.5.1 Conflict of Interest - Integrity and transparency are critical for the ACC in enabling the agency to deliver its outcomes.

All staff of the ACC must be aware that private interests (both financial and personal) can conflict with official duties and staff must therefore be vigilant in the management of such issues.

All staff of the ACC have a responsibility to consider whether their actions or decisions could give rise to a real or apparent conflict of interest and if so, to take appropriate action to manage that issue.

All staff of the ACC, regardless of tenure or classification have obligations as follows:

- All staff of the ACC have a responsibility to notify managers about real, perceived or apparent conflicts of interest.
- Managers of the ACC have a responsibility, in regard to minor matters, to decide whether:
 - o there is or could be a real or perceived conflict of interest
 - o to ask the person to divest the interest
 - o to allow the person to continue their duties
 - o to change the person's duties or to transfer the person to another position where there is no conflict
 - o to assess the matter in terms of the Code of Conduct.

Conflict of Interest Register

The ACC's Intranet Page on Integrity Assurance refers and has a link to the Conflict of Interest Register maintained by the Integrity Assurance Team. This register is only accessible to the Integrity Assurance Team.

Conflict of Interest Fact Sheet

The ACC's Intranet Page on Integrity Assurance has a link to the Conflict of Interest Fact Sheet.

Fraud and Corruption Policy (published in September 2008)

The policy is to prevent, deter, detect and investigate fraudulent or corrupt behaviour in all aspects of its business.

Prevention of fraud, corruption and conflicts of interest are integral to both the effectiveness of the ACC Risk Management Policy, Professional Standards and Integrity Management Plan, Fraud Control Plan and the APS Code of Conduct'.

Ensuring effective processes are in place to support and protect staff when reporting legitimately suspected fraudulent or corrupt behaviour, or conflicts of interest are listed as an example of the ACC's commitment to prevent, deter, detect and investigate fraudulent or corrupt behaviour.

A conflict of interest in the policy is defined on page 8 as,

‘an interest, pecuniary or otherwise, that may unduly influence decisions, conflict with the proper performance of duties, or is incompatible with impartial fulfillment of public or professional duties’.

Responsibilities of ACC staff on page 6 of the policy states:

All ACC staff are required to observe the APS Code of Conduct. Specifically, with respect to fraud or corruption, they will conduct themselves in a manner that will ensure they avoid situations where their actions may be perceived to be fraudulent, corrupt or unduly influenced by a conflict of interest; or abet, ignore or condone such breaches. Failure to do so may result in action under the APS Code of Conduct.

Appendix 5

AFP Declaration of Interest Policy

Response to committee question on notice relating to declarations of interest

The issue of conflict of interest is addressed directly through the AFP Practical Guide on Conflicts of Interest and the AFP National Guideline on Operational Conflicts of Interest. The AFP governance also include the instruments listed below which address the aspects of conflicts of interest. These are available under the Information Publication Scheme to the public via the AFP website. These documents are currently under review to ensure they remain contemporary.

- AFP National Guideline on Operational Conflicts of Interest
- AFP National Guideline on Integrity Reporting
- AFP National Guideline on Politically Sensitive Investigations
- AFP National Guideline on References and Testimonials
- AFP National Guideline on Secondary Employment
- Practical Guide on Conflicts of Interest

Background:

The AFP maintains a Governance Instrument Framework to enable AFP appointees' online access to AFP professional standards instruments and other key governance documents. It includes Commissioner's Orders (COs) issued under section 38 of the *Australian Federal Police Act 1979* (Cth) (AFP Act), guidelines issued under section 37 of the AFP Act and Commissioner's Financial Instructions, which constitute Chief Executive Instructions under section 52 of the *Financial Management and Accountability Act 1997*.

Section 39 of the AFP Act requires AFP appointees to comply with COs. The AFP Commissioner's Order on Professional Standards (CO2) and the *Australian Federal Police Categories of Conduct Determination 2006* (issued jointly by the Commonwealth Ombudsman and the Commissioner) sets a compliance regime for AFP conduct and practices issues.

The Commissioner, through CO2, requires AFP appointees to comply with AFP professional standards, including the AFP core values and the AFP code of conduct. It is mandatory for noncompliance to be reported to the AFP's Professional Standards area. A strong component of the AFP's professional standards messaging is for appointees to understand the vulnerabilities associated with decision making where a conflict of interest is identified. To that end, the ethical decision making model was developed by the Professional Standards Unit. This vulnerability is also highlighted in

the AFP's Fraud Control and Anti-Corruption Plan accompanied by appropriate treatments.

While all AFP staff are required by the AFP Code of Conduct to behave with integrity and to avoid or manage conflicts of interest in their employment, SES employees are subject to a specific regime that requires them to submit, at least annually, a written declaration of their, and their immediate family's financial and other interests, that could involve a real or apparent conflict of interest.

The AFP's current governance instruments relating to the requirement to declare a conflict of interest are but one element of a multi-tiered integrity framework that is subject to regular review to ensure contemporary best practice is applied. The intent is to protect the integrity and effectiveness of AFP operations and maintain the confidence of the Government and the community in the integrity of the AFP and its appointees.

The National Guideline on Integrity reporting is currently being reviewed to ensure reporting requirements in relation to potential administrative, operational and personal conflicts of interests are further strengthened.

The guide forms part of the AFP's robust integrity framework that also requires appointees to self report on integrity control measures such as secondary employment, the provision of references and testimonials, declarable associations, change in personal circumstances and financial situation.

It is further supported by internal intranet (Hub) messaging to staff, education and awareness communications and routine induction and training programs.

Appendix 6

Committee undertakings and recommendations in previous annual report examinations, 2007–2010.

Examinations of the Australian Crime Commission Annual Report

New issues arising from this report (ACC)

2010–11	Controlled operations: the committee may make further comment on the process used to extend controlled operations beyond three months, including where a significant alteration occurs, following the release of the Ombudsman's 2011–12 inspection report.
2010–11	Security breaches: the committee will continue to assess the ACC's ongoing efforts to minimise the risk posed by security breaches.
2010–11	Qualitative performance assessment: the committee may take evidence from state and territory partner agencies in subsequent annual report examinations in order to determine the contribution made by the ACC in joint investigations, the developing understanding of serious and organised crime in Australia, and the effectiveness of its coercive powers.

Issues arising from previous reports

Year raised	Issue	Status in 2010–11 report
2009–10	The committee noted a potential need for further review of the controlled operations regime to ensure that it remains an effective tool in the fight against serious and organised crime in a rapidly evolving criminal environment.	The ACC, AGD and Ombudsman have sought to determine an agreed process, which the committee will assess following the release of the 2011–12 inspection report. No significant legislative amendments have occurred.
2009–10	While the majority of complaints against the ACC were not substantiated, the committee encouraged the ACC to continue to exercise diligence in the handling of complaints against the agency.	One of seven finalised complaints was substantiated since 2006.

2008–09	The committee noted that it would like the ACC to encourage, and increase, secondments from state and territory police forces. The committee expressed a view that secondments should be encouraged on the basis that they provide enhanced intelligence sharing and jurisdictional cooperation.	The number of seconded staff in 2010–11 decreased to 82, from 86 in 2009–10. The largest source of secondees was Victoria Police. 54 per cent of secondees were funded by the ACC, 23 per cent by partner agencies and 22 per cent through taskforce arrangements.
2007–08	The committee observed that the ACC is committed to improving its intelligence and information systems, as evidenced by the significant upgrades to ACID. The committee commended the ACC for proactively working with partner agencies to address the issue of information sharing through ACID during 2007–08 and undertook to continue to monitor this issue.	The availability of ACID and ALEIN in 2010–11 was greater than 99 per cent. A working group including partner agencies guides development of the system. In 2010–11, 1.6 million new data items were entered into the system.
2007–08	The committee urged the government to ensure that the ACC is able to continue its important work in national and international forums on precursor chemicals and other matters, by providing ongoing funding for these forums.	Pages 108–11 of the 2010–11 annual report indicate ACC activity in informing understanding of precursor chemical diversion. The committee received no specific evidence about national or international forums on the subject.
2007–08	The committee encouraged the government to consider alternative arrangements to allow the Northern Territory Police, or appropriate agency, to take the lead on the National Indigenous Intelligence Task Force.	The ACC continues to support the taskforce, undertaking 53 examinations and issuing 158 notices to produce documents.

2007–08	The committee undertook to continue to monitor changes to the ACC's investigations, operations and taskforces, including the discontinuation, or changes to the scope, of any determination.	A full account of investigations, operations and taskforces contributing to board determinations is provided in the 2010–11 annual report. Chapter 2 includes a list of determinations.
2007–08	The committee undertook to continue to monitor the impact of budgetary constraints on the ACC's capacity to perform its functions effectively, and in particular the impact on the organisation's ability to combat specific criminal groups including OMCGs.	As discussed in Chapter 2, the ACC's budget continues to be subject to the government's efficiency dividend.
2007–08	The committee undertook to continue to monitor the decline in seconded staff.	As described above, the number of secondees declined in 2010–11.
2007–08	The committee recommended that the Australian Government expedite the process to include the Commissioner of Taxation as a full member of the Australian Crime Commission Board.	In February 2010, the Commissioner of Taxation became a full member of the ACC Board, attending a committee roundtable on unexplained wealth with other Board members in March 2012.
2007–08	The committee undertook to monitor the 'pilot review' of anti-corruption measures in both the ACC and AFP.	ACLEI completed this review in 2008–09, finding that key integrity policies and practices were in place and the values based strategies were well-directed, reflecting contemporary thinking on integrity design.

2007–08	The committee recommended that the Australian Crime Commission and the Australian Commission for Law Enforcement Integrity develop a practice to ensure publication of corruption or possible corruption matters in an appendix of Australian Crime Commission annual reports is done in a manner which will neither compromise current investigations nor the reputations of individuals facing allegations.	The 2010–11 annual report continues a pattern of describing the nature of corruption issues without identifying details. For example, the report describes two internally identified issues, one relating to an allegation of fraud, and another relating to disclosure of information. The remainder are described in the same manner as complaints against the agency.
2007–08	The committee recommended that the Australian Government review existing arrangements for the suspension and dismissal of Commonwealth law enforcement agency employees believed on reasonable grounds to have engaged in serious misconduct or corruption, and that the Government take action as appropriate, bearing in mind the need to respect the rights of employees.	This recommendation was given effect by the Crimes Legislation Amendment Act 2011.

Examination of the Australian Federal Police Annual Report

Issues arising from this report

2010–11	The committee is concerned at the apparent deterioration in the average amount of time taken to finalise complaints and will continue to monitor this situation.
2010–11	The committee recommended that the average amount of time taken to finalise complaints be reported for each category in future annual reports.
2010–11	The committee undertook to examine ACLEI's statistics for 2011–12 to assess the impact of measures taken by the AFP to increase the completion rate of internal corruption investigations.

Issues arising from previous report

Year raised	Issue	Status in 2010–11 report
2009–10	The committee noted the government's intention to consolidate funding for new policy initiatives into the AFP's base funding and undertook to monitor this in future years.	The committee has not received evidence enabling it to assess this issue, but notes that the sum of new budget measures announced in 2010–11 is \$120 million over four years.
2009–10	The committee undertook to assess performance in relation to the drug harm index.	While the drug harm index is no longer a KPI, the index was more than double the previous year, over \$1 billion.
2009–10	The committee undertook to monitor complaint handling issues in future years.	Please see discussion in Chapter 3.

