

## CHAPTER 3

### THE FINDINGS OF THE AYERS REPORT AND THE GOVERNMENT RESPONSE TO THE REPORT

#### Introduction

3.1 On 17 February 1998, the Prime Minister, the Hon John Howard announced that there would be a review of the capacity of Commonwealth Law Enforcement Agencies<sup>1</sup> to meet the challenges emerging from readily available sophisticated technology and a globalised criminal environment:

My Government has a very keen eye to an Australian Federal Police force ready to tackle crimes in an increasingly globalised world of the 21<sup>st</sup> century.

In that context and against that background my Government will shortly appoint an independent expert to assess the resourcing needs of the Australian Federal Police in the light of a strategic review of the challenges facing federal law enforcement.

That person will be required to report within three to four months, to ensure that longer term funding for the Australian Federal Police is given a sound foundation as soon as possible.<sup>2</sup>

3.2 In February 1998, Mr Tony Ayers was requested by the (then) Minister for Justice and Customs, Senator the Hon Amanda Vanstone, to review the resources, structure and long term strategic direction of the AFP to ensure that it had sufficient capacity to continue combating emerging criminal threats (illicit drug trafficking, money laundering and serious fraud).

3.3 The Report of this inquiry was presented to the Government on 3 June 1998 and the Government's response was announced on 23 July the same year in a joint media statement issued by the Prime Minister and the (then) Minister for Justice and Customs. The Government response clearly indicated support for the proposals formulated by Mr Ayers. In particular, the Government committed itself to:

- Providing additional funding to, amongst other things, increase staff levels, restructure professional salaries for police in national operations and

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1 The Ayers inquiry is primarily on the AFP although there is some assessment of the capacities of other Commonwealth law agencies. The full title is *Strategic Review of the Resourcing Needs of the Australian Federal Police*. The report findings will be cited as 'Ayers, Finding'

2 *Submission 4A*, Attorney-General's Department, p. 3, copy of transcript of the Prime Minister, the Hon John Howard MP, Address to Icpo-Interpol 15<sup>th</sup> Asian Regional Conference Rydges Hotel, Canberra, 17 February 1998; *Submission 6*, Australian Federal Police, p. 25

improve electronic surveillance and operational surveillance capability and improved communications;

- Trimming corporate support so that the AFP's resources were used to target crime rather than being absorbed by administrative functions;
- Establishing a formal Budget Charter to define the AFP's outcomes and outputs based on stated priorities; and
- Establishing a special monitoring committee<sup>3</sup> (comprising a representative of the Attorney-General's Department, Department of Finance and Public Administration, and the AFP and a senior partner from Price Waterhouse and the Chief Solicitor and General Counsel of the Commonwealth Banking Group) to implement the changes recommended in the report.

### 3.4 In summary, the Government stated:

Let there be no doubt as to the Government's commitment to develop the long term capability and effectiveness of the Commonwealth law enforcement across the board. The Government regards Mr Ayers' recommendations as a valuable contribution to the ongoing reform. They will form an important part of our commitment to provide a safer and more secure environment in Australia.

At the end of the three year programme the AFP will be positioned to meet the law enforcement challenges of the next century. Its personnel profile will be substantially different, its management practices will be state of the art and it will enjoy access to leading edge technology.<sup>4</sup>

3.5 The statement also acknowledged Mr Ayers' finding that the changing national role of the AFP creates tensions with the AFP's ACT community policing functions. However, Mr Ayers' view was that, given Australia's host role in the Olympic games and the CHOGM, those arrangements should remain unchanged until 2001.<sup>5</sup> Further, such matters should be considered in consultation with the ACT Government.<sup>6</sup>

3.6 The AFP noted that it 'generally agreed with and supported Mr Ayers' findings'.<sup>7</sup> In fact, at the time, the AFP welcomed the Government's decision to implement the Ayers report noting that, although the AFP had been in existence for

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3 See below, Paragraph 3.60

4 *Government Delivers on Australian Federal Police Funding*, 23 July 1998, Media Release, Joint statement by the Prime Minister Hon. John Howard MP and Senator Hon. Amanda Vanstone, Minister for Justice at <http://www.afp.gov.au/media/dec98/ayers2.htm>

5 Ayers, Finding 25

6 *Government Delivers on Australian Federal Police Funding*, 23 July 1998, Media Release, Joint statement by the Prime Minister Hon. John Howard MP and Senator Hon. Amanda Vanstone, Minister for Justice, at <http://www.afp.gov.au/media/dec98/ayers2.htm>

7 *Submission 6A*, Australian Federal Police, p. 2

nearly twenty years, this would be the first time it had a budgetary charter to provide a basis for long term planning, strategic development and operational effectiveness:

Ayers found that the AFP had a range of significant strengths including a sophisticated investigative capacity, a good domestic and international reputation, a leading edge reform program and high integrity. But more needs to be done.

In this regard Mr Ayers identified key issues that need to be addressed to ensure that the AFP is able to meet the demands and challenges of the new millennium and ensure we are able to achieve the outputs and outcomes expected of us by the federal government.<sup>8</sup>

3.7 The AFP agreed that the key to positioning itself so as to be able to respond to emerging challenges in the criminal environment, is the professionalism and flexibility of its people and international cooperation and coordination between law enforcement agencies.

3.8 This Chapter explores the extent to which the Ayers recommendations have been implemented; whether the AFP has, in fact, achieved savings in the order of \$50 million as originally required;<sup>9</sup> and, if so, whether those savings have been at the expense of operational capacity. The Committee notes again the fact that its comments and assessment are based primarily on the limited material made available to it.<sup>10</sup>

3.9 In assessing the acceptance and implementation of Ayers' recommendations, it is important to note that previous studies by KPMG and Deloitte & Touche<sup>11</sup> contained many similar recommendations, some of which were in the process of being implemented. All changes are therefore not necessarily directly attributable to Ayers. For example, the KPMG report referred to the importance of:

- Achieving consistency in regional and national operations;
- Improving information capture, storage, retrieval, analysis and communication; and
- Improving effectiveness in dealing with referrals from agencies.<sup>12</sup>

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8 *AFP Welcomes Response to Ayers Review*, 23 July 1998, Media Release, Australian Federal Police, at <http://www.afp.gov.au/media/dec98/ayers.htm>

9 Although the AFP continued to make savings from within the organisation, it was excused by the end of 1999 from finding the \$50 million. The Government funded the full cost of the reform program recommended by Ayers, which meant that any savings identified by the AFP were used for other costs, such as the Certified Agreement. See below, Paragraphs 3.25-3.27

10 See above, Chapter 1, Paragraph 1.6

11 Details of these are given at Footnote 114 below

12 Deloitte & Touche, *Review of AFP Resource Management Practices*, p. 8

3.10 The Deloitte and Touche report noted that some of the essential changes were already underway in 1997 when their own work was done, and that some of the problems they identified were more a result of the ‘immaturity of the current reform initiatives’ than a sign of ‘underlying inadequacies’.<sup>13</sup> A similar point is made by the AFP which made a distinction between the reforms that occurred after Ayers, and the separate internal reform program commenced by Commissioner Palmer in 1995.<sup>14</sup> The earlier reports were generated in that period of reform.

### **General response to Ayers Report**

3.11 The Attorney-General’s Department described several initiatives that demonstrated the Government’s commitment to both improving the capacity of law enforcement and to implementing the findings of the Ayers Report. Initiatives included:

- The pre-Ayers allocation of additional resources to Commonwealth Law Enforcement Agencies under the National Illicit Drugs Strategy (NIDS) and for the Sydney Olympics;
- the provision of an additional \$65 million over three years<sup>15</sup> to the AFP (although Ayers had recommended \$75 million);
- relevant Ministers<sup>16</sup> have closely monitored the reform process through the AFP Monitoring Committee;
- The *Workplace Relations Act 1996* has facilitated greater flexibility of terms and conditions for AFP employees through workplace agreements;
- The Government provides additional targeted resources in relation to emerging criminal threats (for example, NIDS);
- The AFP and NCA seek a cooperative approach to counter crime; and
- The allocation of an additional \$155 million to further upgrade staff and resources. Spending was overseen by the AFP Monitoring Committee (\$105 million for accrued termination benefits and \$50 million for the upgrade program).<sup>17</sup>

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13 Deloitte & Touche, *AFP Review of Resource Management Practices*, p. 9

14 *Submission 6*, Australian Federal Police, p. 23

15 Eventually, a total of \$115 million was provided specifically for the Ayers reforms; the \$50 million that the AFP was expected to save formed a separate grant, and any internal savings by the AFP were allowed to be used for other purposes – see above, Footnote 9

16 That is, the Minister for Justice and Customs and the Minister for Finance and Administration

17 *Submission 4*, Attorney-General’s Department, pp. 25-26

3.12 The specific Ayers findings and matters relevant to the implementation of those findings fall into several categories, although there is some overlap. The main groups are:

- Resources (Findings 1-9);
- Corporate Reform (Findings 10-24);
- Functions (Findings 25-33);
- Outcomes (Finding 34); and
- Implementation of the Ayers recommendations (Findings 35-36).

3.13 As much as possible, findings are discussed within the specific group, but where it is more logical to discuss issues together, this is done. The full Ayers Findings are reproduced at Appendix 3. For the purposes of this chapter, the main points in the Findings are summarised rather than reproduced in full.

## **Resources**

### *General observations*

3.14 The first two findings of the Ayers Review considered that the financial and management situation of the organisation was extremely poor, with the funding being ‘in dire straits.’<sup>18</sup> The report also noted that the situation was so bad that, although it could be repaired, there was no ‘quick fix’.<sup>19</sup> Lack of resources, it was believed, had reduced operational activity and it would take time for staff to be returned to full operational standards.

### *The Relationship between Funding and Operational activity*

3.15 The AFP advised that the ‘dire straits’ situation described by Mr Ayers was the result of several factors including: poor budgeting practices, changes in structure to the AFP (including new contractual arrangements), the accrued debt of AFPAS (estimated to be \$105 million), the accrued leave liability of \$8 million, taking on too many operational areas and the efficiency dividend. According to the AFP:

All of these factors contributed to the financial situation the AFP faced in 1998, particularly the massive unfunded liability associated with AFPAS. Other relevant factors included the diminishing AFP budget and the AFP’s obligations to repay a \$15m loan taken out during the 1995-96 financial year to fund a round of redundancies and other employee costs. Failure to realise

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18 Ayers, Finding 1

19 Ayers, Finding 2

planned savings from these redundancies increased the financial pressures in subsequent years.<sup>20</sup>

3.16 In relation to Mr Ayers' reference to a decline in staffing numbers and problems in relation to technical forensic services and equipment, the AFP advised that, at that time, those problems reflected there was insufficient funding to attract and hold appropriately qualified staff and to purchase modern equipment.<sup>21</sup> Additional funding and training have assisted in overcoming that problem:

There is a high level of skill, particularly in the computer forensics area, that is basically brought into the organisation and forms part of our forensic computer capability. There is in-house training and international training for people who are full-time in the police technical teams...We have commissioned a strategic plan to upgrade the skill of the organisation in terms of computer crime investigations at three levels...<sup>22</sup>

3.17 Some concerns have been expressed about the extensive funding allocated to the forensic services area at Weston, ACT on the basis that the facility was not owned by the AFP. However, the AFP has stated that the lease of the property could run for up to 15 years,<sup>23</sup> and therefore it was believed that there would be full value for money.

3.18 In relation to the finding that as long as the AFP continued to focus on illicit drugs, its capacity to be involved in other types of investigations would decrease, the AFP submitted that the findings referred to 'circumstances which applied at the time of the [Ayers'] review'. Under the now current arrangements,<sup>24</sup> illicit drugs are only one of a number of special areas of focus of the AFP. Other areas include countering organised crime, serious fraud against the Commonwealth, money laundering and people smuggling, intercepting assets involved in or derived from these activities and investigating special references and performing special taskings from the Government.<sup>25</sup>

3.19 In assessing the operational capacity of the AFP, the key factors are not only funding but qualified staff, the limitations to the powers of the AFP, and the extent of other demands made. By 1999 and certainly by the time the AFP gave evidence to the Committee in 2001, considerable additional funding had been provided to assist in operational matters. This would suggest that although the need to find \$50 million in

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20 *Submission 6A*, Australian Federal Police, p. 5

21 *Submission 6A*, Australian Federal Police, p. 5

22 *Transcript of evidence*, Australian Federal Police, p. 37; see also the outline of funding spent on these areas at *Transcript of evidence*, Australian Federal Police, pp. 25, 33

23 *Estimates Hansard*, Legal and Constitutional, 28 May 2001, p. 101

24 The new priorities were based on the Ministerial Directive of February 1999

25 *Submission 6A*, Australian Federal Police, pp. 10-11

internal savings may have limited some operations when the reform process began,<sup>26</sup> the capacity of the AFP was more seriously limited prior to that time.<sup>27</sup> This may have been because it was working in more operational areas than its staffing permitted,<sup>28</sup> although a shortage of appropriate equipment and training would also have been relevant factors.<sup>29</sup>

3.20 However, the AFP now has acknowledged there are clear limitations on its capacity.<sup>30</sup> The specific areas in which the AFP operates are primarily determined by the Minister, and only a proportion of references are taken up in any event. Even with additional funding, the AFP is unable to deal with certain levels of crime within nominated areas, and some Commonwealth crimes do not appear to be within the priority list at all.<sup>31</sup>

3.21 Ministerial and Government priorities have also extended the operational priority areas for the AFP.<sup>32</sup> Co-ordination of strategic intelligence and policy development should ensure that such resources as are then devoted to additional operations are used effectively to avoid wasting expensive training and re-deploying staff from other areas.<sup>33</sup> As is noted by the AFPA, for example, new crime does not always attract new funding, and therefore has to be dealt with under existing resources.<sup>34</sup>

3.22 In addition, the AFP is increasingly emphasising that it is not only staff which contribute to operational matters, but appropriate equipment. The shortage of such

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26 See Committee's Terms of Reference (g)

27 In determining the level of emphasis to be placed on particular activities, the AFP applies the Case Categorisation and Prioritisation Model (CCPM). When determining the emphasis to be placed on fraud cases, for example, the impact of the activity on the community which may include the volume or economic value of the fraud, is one of the factors to be taken into account. *Submission 6A*, Australian Federal Police, p. 11. The AFPA concluded that in the long term the Ayers funding will be at the expense of operational capacity because operational capacity will be affected by the 'roller coaster ride' of government funding over six years - *Submission 9*, Australian Federal Police Association, p. 126.

28 Although Ayers considered that 'while [the AFP] will continue to focus on illicit drugs it is clear that other types of investigations will decrease and that levels of service to Commonwealth agencies and other Australian police services will decline further', Ayers, Finding 1

29 See below, Paragraphs 3.38-3.42

30 *Submission 6A*, Australian Federal Police, p. 11. The AFP states that it is also involved with multi-agency work and has developed strong cooperative and consultative arrangements and relationships with other agencies, *Submission 6A*, Australian Federal Police, pp. 11-12

31 See above, Chapter 1, Paragraphs 1.23-1.28

32 See, for example, *Submission 6D*, Australian Federal Police, pp. 13-14

33 The value of a co-ordinating and oversighting body is illustrated by this situation; see below, Chapter 8. The Committee notes that special units may be shut down once the specific issue is seen as having been incorporated into general activity, as in the case of child sex tourism – see *Transcript of evidence*, Australian Federal Police, p. 121

34 *Submission 9*, Australian Federal Police Association, p. 80

equipment would also have affected the capacity of the AFP's operations in previous years.<sup>35</sup>

*Two phase recovery program, Findings 3-5*

3.23 The Ayers Review (Finding 3) stated that there should be a two phase recovery program, which would occur over three years and deal with additional staffing, reprofiling of positions, equipment, training and related matters. Simultaneously, the corporate reform process should be implemented. The major objective was to turn the AFP into a law enforcement agency 'that is second to none in the world.'<sup>36</sup>

3.24 In relation to phase 1 of the recovery program, the Ayers Review found that the cost of the reforms would be \$125.893 m, of which the AFP was expected to find some \$50 m from internal efficiencies (Finding 4). As a result of the funding and reforms, which should include an increase in staff from 2624 to 2800<sup>37</sup> (Finding 6), there would be greater operational activity (Finding 5).<sup>38</sup>

*Funding of the Recovery Program, Finding 4*

Cost of phase 1 and savings required of the AFP

3.25 The AFP states that the Government originally agreed to fund \$65.02m of the total AFP reform program, with a further \$50m to be contributed by the AFP from internal efficiencies during this phrase.<sup>39</sup> More accurate funding estimates reduced the required sum downwards, according to the Attorney-General's Department. Consequently, the funding expected to be needed was stated as being \$115m,<sup>40</sup> although the sum of \$117m is that referred to most often by the AFP.<sup>41</sup>

3.26 In November 1999, the Government agreed to fully fund the Reform Program, and this allowed the AFP to direct any savings from internal efficiencies to other priorities.<sup>42</sup> According to the AFP, although savings were made by the redirection of

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35 See *Submission 6D*, Australian Federal Police, p. 1 and also below, Paragraphs 3.28-3.32

36 See Address by the Prime Minister, the Hon John Howard MP, to the Icpo-Interpol 15<sup>th</sup> Asian Regional Conference Rydges Hotel, Canberra, 17 February 1998, in *Submission 4A*, Attorney-General's Department, p. 3

37 The staffing situation was also expected to be re-examined at the end of Phase 1 as it was thought likely that further staffing would be required at that time

38 However, see also below Paragraphs 3.28-3.42, 3.110-3.118

39 *Submission 6*, Australian Federal Police, p. 29

40 See *Submission 4A*, Attorney-General's Department, p. 9

41 *Submission 6A*, Australian Federal Police, p. 8 and Attachment B. The table at Attachment B includes figures showing the disbursement in each of the three years in relation to each individual element

42 This decision enabled the AFP to meet the cost of the accrued leave liability (some \$8m) and the costs associated with the 4% payrise in November 1999 and other costs associated with the 3 year Certified



efficiencies to operational priorities, savings had not been at the expense of operational capacity.<sup>43</sup> This \$50 million internal saving, therefore, is less relevant to operational effects<sup>44</sup> than to the ways in which ‘savings’ were allocated to cover other costs.<sup>45</sup>

...whilst we will not meet the target in the three years, we will meet and, in our expectation, exceed the target in four years. Of course, all those savings have been available to us to reinvest, if you like, in the organisation.<sup>46</sup>

3.27 The issue of total funding available was complicated by the provision of tied funding during the reform process, as a further \$95.9 million over three years was provided under NIDS, plus additional funding such as money \$105 million to pay out AFPAS. These funding issues are considered in detail in Chapters 4 and 5.

### **The link between funding and operational improvement**

3.28 It was Ayers’ belief that an increase in funding would lead to an improved operational record for the AFP.<sup>47</sup> However, although this may be true up to a point, the numbers of trained agents are not the only relevant factors in successful operations, and the number of operations may not be the only guide to effective work. The need to upgrade a range of services would also have had an impact on the capacity to incorporate such staff into effective teams, and Ayers found that improvements to equipment, recruitment and training were all necessary.<sup>48</sup> The effectiveness of operations therefore could have been adversely affected.<sup>49</sup>

3.29 AFP employees are described as possessing a range of skills including protective security, intelligence, training or surveillance as well as investigation skills. This can be attributed to the significant investment made in the organisation’s employment base and the implementation of the Professional Development Scheme.<sup>50</sup>

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Agreement dating from that time (*Submission 6*, Australian Federal Police, p. 29. The Certified Agreement is discussed in more detail in Chapter 5). The AFP stated that it has been able to absorb these and other costs, such as the GST savings and the IT outsourcing initiative saving (*Submission 6*, Australian Federal Police, p. 29)

43 *Submission 6*, Australian Federal Police, p. 29

44 See Committee’s Term of Reference (g), and also below, Paragraphs 3.28-3.42

45 See below, Chapters 4 and 5

46 *Transcript of evidence*, Australian Federal Police, p. 46

47 Ayers, Finding 1

48 Ayers, Finding 1, Finding 3 ‘continuing problems in relation to technical and forensic services and equipment’

49 *Transcript of evidence*, Australian Federal Police, p. 35 ‘...while staffing numbers are always going to be important, there is actually a more sophisticated argument that now needs to be advanced which relates to the capacity of the organisation. That reflects whether we are able to meet the mandate that has been given to us, and staffing is but one of the inputs that goes into the question of capacity. More and more it is about technology, it is about partnerships and it is about finding smarter ways to do business.’

50 *Submission 6*, Australian Federal Police, p. 4

Through the current business planning process and the new Annual Resource Planning Cycle there is increased focus on ensuring the AFP possesses the range and depth of skills required to meet its performance objectives.<sup>51</sup>

3.30 Nonetheless, the AFPA challenged the extent to which required changes had been made. They stated that information from the Police Technical Team Members (PTT) and the Police Surveillance Team Members (PST) indicates the deficiency has not been remedied and that a ‘large injection of funds’ was still required,<sup>52</sup> in spite of the purchase of new equipment and the latest technologies (for example, the new forensic laboratory in Canberra has DNA facilities and a Forensic Imaging Facility).

3.31 Complaints from operational staff, the AFPA stated, concerned the need for equipment and appropriate training in electronic crime investigations and forensic accounting. Its members were concerned that the AFP lacked the technological capability to counteract organised criminal enterprises that have access to sophisticated technology, and assert that operational and specialist staff believe the AFP had not kept pace with technological advances.<sup>53</sup>

3.32 With respect to the claims made by the AFPA, other evidence provided suggested that considerable funding had been utilised to upgrade technical and related services and to provide relevant training:<sup>54</sup>

There is a high level of skill, particularly in the computer forensics area...There is in-house training and international training for people who are full-time in the police technical teams....We have commissioned a strategic plan to upgrade the skill of the organisation in terms of computer crime investigations at three levels...<sup>55</sup>

### Skills Maintenance and Training, Finding 21

3.33 The Ayers Review found that a minimum of 4% of budget should be allocated to training, with emphasis on financial management, investigations management and specialist skills in IT and forensic accounting. The Attorney-General’s Department stated that in fact a ‘significantly’ higher amount was being used for training in the AFP, and noted that ‘expenditure is regarded as appropriate to an organisation in the process of significant organisational change and development.’<sup>56</sup> Staff skills and training are considered further in Chapter 6.

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51 *Submission 6A*, Australian Federal Police, p. 17

52 *Submission 9*, Australian Federal Police Association, p. 64

53 *Submission 9*, Australian Federal Police Association, p. 64

54 *Transcript of evidence*, Australian Federal Police, pp. 21, 31 and 33-34

55 *Transcript of evidence*, Australian Federal Police, p.37

56 *Submission 4A*, Attorney-General’s Department, pp. 17-18; see also *Submission 6D*, Australian Federal Police, p. 4

### Staffing levels, Finding 6

3.34 The AFPA noted that the ‘corporate reform program endorsed by the Government recommended a staffing level of 2,800 by the end of July 2000,’<sup>57</sup> but stated that Ayers had recommended a core staffing level of 3,000.<sup>58</sup> The AFP submitted that a total of \$35. 976 million of the funding received as part of the \$115 million reform package was allocated to increase the AFP’s staffing level to 2,800,<sup>59</sup> and that this number had been achieved about half way through the reform process, and continued above this level.<sup>60</sup>

3.35 Although the AFPA suggested that staffing would fall below acceptable levels,<sup>61</sup> the 2001-2002 Budget has provided sufficient funding to retain 159 staff, thus preventing the loss of benefits gained over the past few years.<sup>62</sup> Although these agents were not specifically described as operational, it was stated the positions ‘would enable the AFP to maintain the current level of operational capacity.’<sup>63</sup>

3.36 The AFPA argue that for the AFP to be ‘truly effective’ the optimum staff numbers required (based on the current and potential workload) is a minimum of 3000 sworn Federal Agents.<sup>64</sup> The AFPA also asserted that the consideration of recruitment requirements is largely financially determined, and as a result the current recruitment efforts have been frozen due to budgetary limitations.<sup>65</sup> However, the AFP stated that recruitment had not been frozen because of this factor, but was linked to attrition.<sup>66</sup> Attrition rates had stabilised, and therefore there was no need to continue recruitment for 2000-2001.<sup>67</sup>

3.37 The use of the Commercial Support Program (CSP)<sup>68</sup> has also freed up a number of positions formerly occupied by officers. In theory, these officers should be available for operational work.

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57 *Submission 9*, Australian Federal Police Association, p. 91

58 *Submission 9*, Australian Federal Police Association, p. 91

59 *Submission 6A*, Australian Federal Police, p. 8 and Attachment B

60 *Transcript of evidence*, Australian Federal Police, p. 35

61 *Submission 9*, Australian Federal Police Association, p. 91

62 See *Estimates Hansard*, Legal and Constitutional, 28 May 2001, p. 90

63 *Estimates Hansard*, Legal and Constitutional, 28 May 2001, p. 90

64 *Submission 9*, Australian Federal Police Association, p. 53

65 *Submission 9*, Australian Federal Police Association, p. 52

66 *Transcript of evidence*, Australian Federal Police, p. 35

67 *Submission 6*, Australian Federal Police, pp. 3-4

68 See below, Paragraphs 3.64-3.67

### Flexible and mobile workforce, Finding 19

3.38 Finding 19 emphasised the importance of the AFP workforce being flexible and mobile. The AFP believed that the full implementation of this finding required three factors:

...the full implementation of the National Teams Model (NTM); amendments to the *AFP Act 1979*; and the negotiation and certification of a new industrial agreement.<sup>69</sup>

3.39 All of these criteria had been met:

The NTM has been fully implemented. The amendments to the AFP Act came into effect in 2000. A new Certified Agreement was implemented in November 1999.<sup>70</sup>

The National Teams Model (NTM) is designed to allow the AFP to respond effectively to unpredictable domestic and international crime. A team is comprised of people performing various functions, with five team titles denoting an individual's role, not level or rank...While the complexity of the work will vary, uniform principles will apply for the composition of teams. Principles to be considered in team selection include the suitability of an individual for a particular role in terms of his or her skills and experience, irrespective of grade.<sup>71</sup>

3.40 As at 31 December 2000, the total AFP workforce comprised 2871 employees – 2074 sworn officers and 797 unsworn staff.<sup>72</sup> The number of officers involved in operational work was 2432(84.7%), and 439 employees (15.3%) were in support roles.<sup>73</sup> The AFP notes that some employees in roles designated as 'support' also possess skills which can be utilised in operational roles,<sup>74</sup> and that the new employment and remuneration regimes are designed to enable the redirection of employees to other duties according to operational needs.

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69 *Submission 6A*, Australian Federal Police, p. 16

70 *Submission 6A*, Australian Federal Police, p. 16

71 *Submission 6A*, Australian Federal Police, pp. 16-17: 'Normally the size, composition and life of a team will be determined by the nature of the work to be performed. Fixed teams exist where there is an ongoing requirement for the function, such as surveillance or intelligence analysis. Flexible teams will form for the life of a particular matter, and may fluctuate in size and resource levels according to operational requirements. ...An AFP employee may be a member of more than one team at any time, and may perform different functions in different teams. It is possible for an employee to be a team leader of one team and a team member in another team.'

72 *Submission 6*, Australian Federal Police, p. 3

73 *Submission 6*, Australian Federal Police, p. 4. Operational roles are those which directly contribute to operational outcomes, and include investigations, community policing, intelligence, surveillance, protection and some science and technical. Support roles indirectly contribute to operational outcomes and include learning and development, human resources, knowledge management and administration

74 *Submission 6*, Australian Federal Police, p. 4

3.41 The relationship between numbers of staff, the provision of training and supply of required equipment, and improved operational activity is a complex one. The AFPA's emphasis is very much on numbers of staff, but the AFP itself emphasises the value of technology as well.<sup>75</sup> Links are claimed between the reform program and increased operational performance, but the specific relationship could not be demonstrated:

It is impossible to unthread the various moneys that have been made available to the AFP and source performance back to particular funding arrangements. Those performance measures are a reflection of the overall performance...and ...there are various funding streams that come into the organisation.<sup>76</sup>

3.42 Numerical increases, such as numbers of operations, are seen as positive. However, it is also possible to provide more detailed performance information of a qualitative nature from similar data. In respect of numbers of prosecutions, for example, a high number may not always support positive performance. If data is available to evaluate the contribution of operations to successful prosecutions, a lower number may actually demonstrate a better performance. Similarly, an increase in the amount of drugs seized may mean smarter operations, and better liaison or improved intelligence, rather than more operations. Improved performance in this case would be measured by a number of factors, some qualitative and others quantitative. This was recognised, in part, by the AFP in evidence, although it demonstrates a preference for numerical indicators and for indicators which do not always assess long-term effect :

This is demonstrated by a high degree of client satisfaction with the AFP's performance... the increasing proportion of internally generated – that is, intelligence driven cases – reaching the legal process; the successful conduct of complex investigations resulting in the seizure of large quantities of illicit drugs and the breaking up of syndicates importing those drugs...<sup>77</sup>

#### *A role for all agents?*

3.43 A further issue in respect of evaluating and measuring performance was the extent to which there was a real place for more experienced staff, and if their contribution was properly valued. It seemed to the Committee that there was a number of staff over 40, with a wide range of experience, but for whom the new AFP could not easily find a place. The AFP implicitly acknowledged that this had been the case until recently:

Senator PAYNE: . if you are an agent in a regional office in a city like this [Sydney] and you came into the AFP at about the same time as perhaps,

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75 See *Transcript of evidence*, Australian Federal Police, p. 35 and above, Paragraph 3.28 and Footnote 49

76 *Estimates Hansard*, Legal and Constitutional, 28 May 2001, p. 90

77 *Transcript of evidence*, Australian Federal Police, p. 26

you did, Commissioner, and you walked the beat and you did all those things, and you do not have two degrees and you do not have a fourth language, is the AFP an organisation in which you feel that you are making a useful contribution and that you have a future, if you are within 18 months of your 40<sup>th</sup> birthday?

Mr Keelty: . . . One of the things that started about three or four weeks ago was at the middle management level – the very people who are around my vintage, if I can say it that way, and beyond. We are bringing them back into the fold to make sure that they are valued. We have been doing that through some very focused seminars with those people, and the feedback has been excellent.<sup>78</sup>

3.44 To indicate the extent of its change from a traditional police force to something approaching a business organisation, the AFP has emphasised both the tertiary qualifications of its staff and the range of these qualifications.<sup>79</sup> Many of the new agents are under 30,<sup>80</sup> and, in conjunction with the loss of experienced staff especially in more recent years,<sup>81</sup> this may appear to give greater value to new as opposed to long-term staff who could be perceived as less flexible and skilled:

...if you have more highly qualified people in the organisation, do you get them to start at the bottom and start walking the beat?...if we did that, the attrition figures might be much higher than they are. That is one of the reasons why we reformed the organisation, to actually try to utilise in the best way possible the skills and the attributes of those people joining the organisation.<sup>82</sup>

3.45 This statement contradicts the emphasis which was placed by the AFP on the value of community policing as the means by which staff learned to deal with people. As far as the AFP was concerned, community policing was also the basis of work which was carried out overseas in peacekeeping and other missions.<sup>83</sup> The statement that there was no place for some people, and that those without formal qualifications were not effectively deployed.

3.46 New recruits, regardless of age, are likely to receive a considerable amount of the training resources available. Whether they then receive more opportunities than the more experienced staff is less apparent. The AFP's emphasis on the teams model gives priority to skills and experience, and this in itself should mean it is utilising experienced staff.

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78 See *Transcript of evidence*, Australian Federal Police, pp. 127-128

79 *Submission 6*, Australian Federal Police, p. 4, and see also below, Chapter 6, Paragraphs 6.16-6.17

80 *Transcript of evidence*, Australian Federal Police, p. 127

81 See *Submission 6A*, Australian Federal Police, Attachment D

82 *Transcript of evidence*, Australian Federal Police, p. 127

83 *Transcript of evidence*, Australian Federal Police Association, pp. 76-77

3.47 When questioned on the value of long-term employees, Commissioner Keely explained that the drive for a more flexible and mobile workforce did not devalue the work and contribution of long-term employees, especially when considering vocational rather than educational experience. Plans for addressing these employees' needs include increased skilling or 'upskilling, particularly at the middle management level.'<sup>84</sup> This 'upskilling' appears to offer new opportunities in respect of e-crime and proceeds of crime.<sup>85</sup> In addition, focused seminars were being held for these experienced officers to 'make sure that they know that they are valued.'<sup>86</sup> These seminars seem to have resulted from surveys of staff in early 2000, which tried 'to understand the issues impacting on staff and why they may or may not leave the organisation.'<sup>87</sup> Opportunities in the new crime areas will be beneficial, as there is no reason to believe that all of this group would be satisfied with a mentoring role.<sup>88</sup>

3.48 What is more obvious is that new agents are seen as more flexible and better educated, and the training needs of others have been a secondary consideration. Where the emphasis is on skills and more recent training, some staff may feel disadvantaged in operational work simply because they have less familiarity with the new team structure. However, there is no obvious reason why those who wish to remain operational should not be able to do so, since 'working smarter' is not restricted by age.

3.49 Although the Committee is unaware if more experienced staff with formal qualifications have left the AFP, it does not accept that the only role left for others is that of mentor, particularly in respect of the community policing role. It should be a priority for the AFP to ensure that all staff have access to appropriate training and placement. Where possible, this should include opportunities to obtain formal qualifications in relevant areas. Access to overseas postings should not be restricted on the basis of age: experience and maturity may well be the more important qualities required.

#### *Pay and Conditions, Finding 24*

##### New performance and competency based rewards system

3.50 Finding 24 suggests that a new performance and competency-based rewards environment and the end of old 'blue-collar' awards and conditions would be more appropriate to a new organisation. These changes have to a great extent been implemented, at least in theory, through the 1999-2002 Certified Agreement. However, the AFPA did raise a number of concerns with the barriers that exist with

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84 *Transcript of evidence*, Australian Federal Police, p. 41 and pp. 127-128

85 *Transcript of evidence*, Australian Federal Police, p. 127, and see also p. 39

86 *Transcript of evidence*, Australian Federal Police, p. 128

87 *Transcript of evidence*, Australian Federal Police, p. 126

88 *Submission 6D*, Australian Federal Police, p.6

respect to pay, stating that many staff were unable to progress past bars<sup>89</sup> on the salary 'spine'. Although there was support for the idea of mobility, the AFPA also noted that this did come with a price. This issue is considered further in Chapter 5.<sup>90</sup>

#### *Re-positioning at end of phase 1, Finding 7*

3.51 The Ayers Review predicted that the development of better management tools would enable more accurate information to be available. This information would be used to help identify any savings or additional funding required.

3.52 According to the AFP, the restructuring process has included considerable reform in the area of information management and development.<sup>91</sup> This would be in accordance with Finding 3<sup>92</sup> which had expected that there be corporate management and other reforms.

3.53 Phase 2 of the Ayers program will proceed in one sense, but the funding for this will become part of the AFP base funding.<sup>93</sup> There will not be a review of Phase 1. From evidence provided by the AFP and supported to some degree by AFPAS, there has been a substantial change in the structure and operation of the AFP. Its new management and planning systems allow it to plan more efficiently, to track operations (including costs), and to determine priorities. However, in itself, this will not lead to an increase in the number of operations. In fact, it could be said that the more sophisticated the crime, the fewer operations there will be simply because of priority being given to some crimes and to those likely to have most effect on the community. Thus, although the changes recommended by Ayers have been made, they do not necessarily result in the AFP being able to match the growth in crime.

#### *Australian Federal Police Adjustment Scheme, Findings 8-9*

3.54 The Ayers Review made two findings in relation to the AFPAS, that there should be an alternative developed to AFPAS (Finding 8) and that the scheme should be funded as the AFP did not have the capacity to meet the liabilities (Finding 9).

3.55 AFPAS will be discussed in more detail in Chapter 5. It is acknowledged that the only variation to the scheme has been greater flexibility in terms of method of payment. The scheme also came to an end at the beginning of the year 2000, with all funding having been provided specifically by Government. Flexible arrangements

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89 The bars are described as hard and soft bars: *AFP Certified Agreement 1999-2002*, Clause 11.4. Hard bars are levels at which interviews or other formal processes are held; soft bars can be passed, in theory, when the individual has fulfilled the requirements of the level

90 See below, Chapter 5, Paragraphs 5.18-5.30

91 See above, Chapter 1, Paragraph 1.25

92 See above, Paragraph 3.23, and see also below, Paragraphs 3.56-3.63, 3.70-3.72

93 *Estimates Hansard*, Legal and Constitutional, 28 May 2001, p. 89; *Transcript of evidence*, Australian Federal Police, pp. 119-120



were also made in relation to payments for the Cessation Payment scheme which compensated police for having to retire at 60 rather than 65.<sup>94</sup>

## **Corporate Reform Findings**

### *Restructuring, Findings 10-12*

3.56 Finding 10 of the Ayers Review observed that the AFP had done important work in positioning itself for the 21<sup>st</sup> century but asserted that the AFP had to go beyond those reforms. Finding 11 accepted the suggestion of the Commissioner that a ‘corporate management specialist’ be appointed and Finding 12 recommended that an Advisory Board be appointed.

### Corporate Management Specialist

3.57 The AFP advised the Committee that it had implemented Finding 11:

Mr James Kelaher was appointed Chief Operating Officer (equivalent to Deputy Commissioner) in February of 1999. Mr Kelaher holds a Bachelor of Arts (Commerce/International Relations), an MBA (Strategy and Marketing) and is a Fellow of the Australian Society of Certified Practising Accountants and a Member of the Australian Institute of Company Directors.<sup>95</sup>

3.58 A federal agent was subsequently appointed to this management position.

### Advisory Board

3.59 The proposed Advisory Board was not appointed,<sup>96</sup> because it had been decided:

...after consideration by a number of the key stakeholders that the monitoring committee, given its external representation, was sufficient.<sup>97</sup>

3.60 The monitoring committee, as well as an advisory role, also had an ongoing role in actively monitoring implementation of the Ayers Findings.<sup>98</sup> In such circumstances, the creation of an Advisory Board was seen as ‘overkill’.<sup>99</sup> The role of the AFP monitoring committee, or its main function as perceived by the Attorney-General’s Department, was to look at ‘the planning for the implementation of the

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94 See below, Chapter 5, Paragraphs 5.60-5.64

95 *Submission 6A*, Australian Federal Police, pp. 3-4

96 *Transcript of evidence*, Australian Federal Police, p. 45

97 *Transcript of evidence*, Australian Federal Police, p. 45

98 *Transcript of evidence*, Australian Federal Police, , p. 45

99 *Transcript of evidence*, Attorney-General’s Department, p. 9

Ayers recommendations.’ It had been given additional tasks by Government,<sup>100</sup> and was also expected to report to Government on the completion of Phase 1 of the implementation.<sup>101</sup> Although Ayers did not suggest that both an Advisory Board and a monitoring committee were required, he was quite specific about the constitution of the Advisory Board:

An Advisory Board, comprising experts in law enforcement and financial management from inside and outside government, should be appointed to advise the Commissioner on the implementation of the reform program.<sup>102</sup>

3.61 An Advisory Board, as specified, has a specific role and powers in relation to the Commissioner; a monitoring committee may provide advice, but its relationship with the Commissioner may be subordinate. The two external members of the monitoring committee were both from the financial sector. Although one of these had a legal background, it is not stated that this was in ‘law enforcement’; thus, it is likely that the only law enforcement input was from the Attorney-General’s Department and the AFP itself.<sup>103</sup> Both the membership and the role of the committee may have failed to meet Mr Ayers’ specifications.

3.62 This is supported to a degree by evidence of the AFP, which suggested that an Advisory Board would not have been of great value and that :

The thrust of what Mr Ayers was suggesting was that the AFP needed some assistance to improve its financial management. Part of the solution was about providing additional funding, but part of the solution was also about improving management practice. The advisory board was designed to do that. The monitoring committee, in effect, met that function.<sup>104</sup>

3.63 The Committee notes from the Findings<sup>105</sup> that the Ayers report did address matters other than the AFP’s needs for funding and ‘some assistance to improve its financial management.’ The Government’s decision to ignore this aspect of the Findings is regrettable.

#### *Freeing up of Resources for Operational Activity, Finding 13*

3.64 Finding 13 stated that it was important for services which could be provided by specialists to be purchased, leaving more staff available for operational work. In response, the Commercial Support Program was developed.

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100 *Transcript of evidence*, Attorney-General’s Department, pp. 8-9

101 *Transcript of evidence*, Attorney-General’s Department, p. 8

102 Ayers, Finding 12 – see below, Appendix 3

103 *Submission 6*, Attorney-General’s Department, p.18

104 *Transcript of evidence*, Australian Federal Police, p. 45

105 See Ayers, Findings 1,3, 6, 8, 18, 19, 22-23, 33

3.65 The AFP's Annual report of 1999-2000 states:

The AFP's Commercial Support program (CSP) has resulted in significant monetary savings, increased service levels and the re-deployment of staff to higher priority functions due to its market testing activities.

In recognition of these achievements, the Department of Finance and Administration recently described the AFP as a 'strong performer' in the area of competitive tendering and contracting.<sup>106</sup>

3.66 The Annual Report of 1999-2000 also outlines specific savings achievements resulting from the CSP. These include:

- \$4.4 million over 5 years as a result of the records management contract;
- \$450,000 per annum through the facilities management contract;
- \$860,000 over 5 years as a result of the catering/accommodation contract;
- \$50,000 per annum through the employee assistance and welfare services contract;<sup>107</sup>
- The progressive release of 29 police positions to ACT policing following the Civilianisation of the Communications area;
- The establishment of an audit panel, comprising two each of the Big 5 and Small-Medium Enterprise firms; and
- \$300,000 through re-engineering of accounts processing arrangements.<sup>108</sup>

3.67 The Annual Report also notes that certain building and accommodation achievements have been the work of the CSP. These include the co-location of the Australian Bureau of Criminal Intelligence (ABCI) with the AFP at its Canberra head office; the major reconstruction and refurbishment project to upgrade the AFP Forensic facilities at the Weston Services complex and the firing range at Weston;<sup>109</sup> and space planning evaluations of accommodation holdings in Perth, Melbourne and Sydney to determine the viability of co-location opportunities.<sup>110</sup>

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106 Australian Federal Police, *Annual Report 1999-2000*, p. 64

107 See also *Submission 6*, Australian Federal Police, p. 5

108 Australian Federal Police, *Annual Report 1999-2000*, p. 64

109 However, there was also some concern expressed that these properties were only leased – see above, Paragraph 3.17

110 Australian Federal Police, *Annual Report 1999-2000*, p. 64; however, see also above, Chapter 1, Paragraphs 1.38-1.40 on the value of co-location

*Realignment of national structure, Finding 14*

3.68 Finding 14 recommended that the AFP be structured on functional rather than purely geographic lines, and that there be a review of the top echelon of the AFP.

3.69 This re-arrangement was undertaken, especially through the development of the teams model and the removal of ‘artificial’ regional boundaries.<sup>111</sup> Staff are now ‘allocated against Outcomes and functions, as well as their geographic location.’<sup>112</sup> With respect to the re-alignment of the upper echelons of the organisation, a management expert<sup>113</sup> was employed at the Deputy Commissioner level, although eventually replaced by a federal agent, in accordance with Finding 11.

*Implementation of management practices reforms –Findings 15,16, 17, 20*

3.70 A number of reports had been undertaken of the AFP’s financial management, and some of the recommendations of these had been implemented.<sup>114</sup> Finding 15 recommended that the Commissioner complete the implementation, and this was achieved.<sup>115</sup> Finding 16 suggested that there be devolution of budgets and a requirement to work within budget, thereby overcoming earlier problems (Finding 17). Training in financial management was to be provided to senior staff (Finding 20).

3.71 Findings 16, 17 and 20 suggest that Mr Ayers considered budgets were not properly managed and payment of accounts were delayed. According to the AFP:

Poor budget management practices in the AFP at the time Mr Ayers conducted his review were related to a lack of sufficient financial expertise at managerial levels but were also the result of a steady decline in resourcing. The delay in payment of accounts that occurred at the end of 1995-96 and 1996-97 financial years was due to insufficient funds being available.<sup>116</sup>

3.72 A number of factors are said to have assisted in the development of an understanding of budget issues and better management of funding. These include the use of a Deputy Commissioner level expert (the Chief Operating Officer), the devolution of financial management, and the use of other external experts.<sup>117</sup> Training

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111 *Submission 6*, Australian Federal Police, p. 25

112 *Submission 6D*, Australian Federal Police, p. 2

113 See Ayers, Finding 11

114 These reports are: KPMG, Review of Program 1 and suggestions about factors inhibiting change, (1996) reported in *The Journey*; Deloitte&Touche, *Review of AFP Resource Management Practices* (1997) Coopers Lybrand, *AFP’s Financial Business Practices* (1998), a summary of which was Attachment A of *Submission 6A*, Australian Federal Police

115 *Submission 6D*, Australian Federal Police, p. 2

116 *Submission 6A*, Australian Federal Police, p. 6

117 *Submission 6*, Australian Federal Police, p. 25

priority was also to be given to financial management, and this was put in place. Financial Management Workshops, Management Seminars and individual training through attendance at courses have all been implemented.<sup>118</sup>

*Strategic intelligence, Finding 18*

3.73 The Ayers Review found that priority should be given to the development of high quality strategic intelligence as the basis of decision- making (Finding 18).

3.74 The AFP appears not to agree with this recommendation insofar as it believes it already had in place quality strategic management approaches in 1998:

This comment [item 18] should not be read to mean that the AFP did not already make decisions on the basis of high quality strategic intelligence. Rather, it emphasises the need to continue that approach.<sup>119</sup>

The AFP has recently implemented a planning cycle which links internal business planning with the budget cycle. The AFP utilises strategic intelligence in this process through scenario planning and environmental scanning. However, strategic intelligence is only one input to the planning cycle. There are no specific financial costs attached to these measures.<sup>120</sup>

3.75 The AFP has also stated that there was a:

... wide-ranging reorganisation of AFP strategic intelligence ...involving recruitment of strategic analysts and the introduction of the National Intelligence Collection Priorities system.

Under this system, crime threats impacting on the AFP's jurisdiction are identified and prioritised through a process of threat assessment...

Each identified very high impact threat has a full-time collection manager to manage the collection and threat assessment process...

Additionally, analysts recruited at that time were also used to augment the tactical capacity of the AFP, with one being assigned to each of the new strike teams established under NIDS...<sup>121</sup>

3.76 The AFP also advised that additional strategic intelligence work had been undertaken in 2000, including a review 'of AFP intelligence practices and procedures, and its application of intelligence.' A Dutch police team assisted in this, as, according

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118 *Submission 6D*, Australian Federal Police, p. 3

119 *Submission 6A*, Australian Federal Police, p. 3

120 *Submission 6A*, Australian Federal Police, p. 3

121 *Submission 6D*, Australian Federal Police, p. 5

to the AFP, ‘the Dutch Police are recognised throughout the world as leaders in the field of intelligence. The Netherlands is also a major point of MDMA trafficking.’<sup>122</sup>

On completion of the Review, further work was undertaken by the AFP to adapt it for AFP conditions and a federal form of government. This work has resulted in the introduction of new regimes into AFP intelligence, including augmented operational intelligence and the introduction of crime management strategies. The AFP is now in the process of developing comprehensive targeting strategies drawing on the models used by the National Criminal Intelligence Service in the UK and the Royal Canadian Mounted Police.<sup>123</sup>

3.77 The AFP considers that it has long-term strategic planning in place to deal with ‘emerging problems.’ These include working with the intelligence bodies, the development of a law enforcement planning document and a ‘strategic directions paper that is put forward for the Heads of Commonwealth Law Enforcement Agencies (HOCOLEA) agencies.’<sup>124</sup>

3.78 The AFP has noted that it had only recently developed various systems which assist in planning and costing investigations. It now operates an environmental scanning process which appears to cover a number of years, so that there are various plans for different periods of time – 18 months to 2 years, five years and then 10 years. Key AFP personnel are interviewed for their views on possible developments in crime, and changing priorities, as are stakeholders and employees.<sup>125</sup> However, the quality of previous information and planning, and the link between the information available to the AFP and the NCA was not considered in any detail.

3.79 The PROMIS system also ‘integrates AFP intelligence with operational information while also supporting the information requirements of management decision-making.’ This assists particularly in the provision of information for both national and international operations.<sup>126</sup>

### The National Crime Authority

3.80 The NCA advised that one of its new undertakings was the provision to government of regular commentary on the ‘current and anticipated position in relation

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122 *Australian Federal Police*, Correspondence to the Committee, 22 August 2001, p. 1

123 *Submission 6D*, Australian Federal Police, p. 6

124 *Transcript of evidence*, Australian Federal Police p. 31.

125 *Transcript of evidence*, Australian Federal Police, p. 47; see also *Submission 6*, Australian Federal Police, pp. 18-20

126 *Submission 6D*, Australian Federal Police, p. 12

to organised crime in Australia.’<sup>127</sup> A form of this reporting had been produced for some time,<sup>128</sup> but two additional elements would be added:

- The effects of major complex organised crime on society generally; and
- The identification of required reforms to legislation.<sup>129</sup>

3.81 The National Crime Authority had also stated that it was:

The only law enforcement agency capable of bringing together nationally coordinated strategic intelligence assessments involving not only the entire law enforcement community (Commonwealth, State and Territory), but all those government agencies and the public which have an interest in the assessments and their outcomes

The NCA has firmly established itself and been accepted in this role, and will continue as an integral partner in identifying and prioritising national organised crime threats, and encompasses not only assessments or investigations, but dissemination of information/intelligence. . .<sup>130</sup>

3.82 This commentary role is one that has not been a priority for the NCA in the past and may meet some resistance. It appears to go beyond the ‘complex major organised crime’ parameters of the NCA, effectively establishing a central ‘intelligence’ agency assessing issues much broader than ‘law enforcement’ concerns. Although there is no corresponding collective ministerial group (apart from Cabinet)<sup>131</sup> the dissemination of information to ‘government’ (as well as to the public)<sup>132</sup> may be a means of ensuring that it receives attention.

### *Review of Strategic Intelligence, Finding 33*

3.83 Finding 33 stated that there was a need for a separate review of the Commonwealth’s criminal intelligence effort, with the objective of developing ‘a strategic plan for Commonwealth criminal intelligence collection and assessment.’

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127 *Submission 7*, National Crime Authority, p. 37 (Attachment A); see also National Crime Authority, *Annual Report 1999-2000*, p. xi

128 See Parliamentary Joint Committee on the National Crime Authority, *Third Evaluation of the National Crime Authority* 1998, p. 47 which states that the Authority’s role is to collect and analyse criminal intelligence and disseminate it to law enforcement agencies (s. 11(1)(a)); and cooperate and consult with the ABCI (s.12(2))

129 *Transcript of evidence*, National Crime Authority, p. 71

130 Parliamentary Joint Committee on the National Crime Authority, *Third Evaluation of the National Crime Authority* 1998, p. 47

131 See below, Paragraph 3.87

132 See above, Paragraphs 1. 49 and 1.50

3.84 The Committee notes that no such review has been undertaken.<sup>133</sup> Not having access to the Ayers report, the Committee is unable to determine why this recommendation or Finding did not proceed.<sup>134</sup>

3.85 According to the Attorney-General's Department, some of the factors that may have led to a review being suggested by Ayers have been addressed. The Department suggests that various committees and agencies provide the Government with required information and strategic plans relating to criminal activity, as well as operating multi-agency task forces. In addition, the 'law enforcement' agencies are seen only as part of a wider group requiring strategic intelligence on policies and strategies to deal with multi-level threats to social and economic structures:<sup>135</sup>

Increasingly, law enforcement is taking its place as just one part...of a comprehensive matrix of strategies involving integrated policy outcomes. In relation to such key issues as people-smuggling, e-crime and illicit drugs, coordination arrangements have evolved in response to the need for a whole of government approach facilitating cross-sectoral cooperation and a multi agency approach.<sup>136</sup>

3.86 The AFPA maintains that the strategic intelligence effort is disorganised and that the role of some agencies is less beneficial to the overall objective than others would claim:

We have seen that with the Australian Bureau of Criminal Intelligence model, where really it is a data collection area, putting together crime trends from information already available. It is a collating house if you like...There is also limited analytical ability. In other words, there is very little strategic intelligence gathering.

[OSCA] did provide strategic intelligence that was dedicated to a number of agencies. But, again, it tends to conflict with the other agencies, and there are mixed expectations as to what we really get out of the Office of Strategic Crime Assessments. It has a limited ability to task intelligence collection and certainly has no real say in operations...<sup>137</sup>

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133 See also *Submission 6A*, Australian Federal Police, p. 12 which notes that: 'a number of structures have been put in place since the Ayers Review which have increased cooperation between agencies in intelligence methodology and practice.'

134 Work had been undertaken on Commonwealth law enforcement capacities in 1993-1994 (*Report of the Review of Commonwealth Law Enforcement Arrangements* (CLER) which had recommended, among other things, the creation of OSCA and that it should provide an annual comment to government based on its intelligence data). There had also been some assessment of the available intelligence and use of it in 1998 through the JPCNCA's *Third Evaluation of the NCA*

135 *Submission 4A*, Attorney-General's Department, pp. 19-20, and see also pp. 22-23

136 *Transcript of evidence*, Attorney-General's Department. p. 4

137 *Transcript of evidence*, Australian Federal Police Association, p. 152



3.87 It was clear to the Committee that there was no single body – either at the Ministerial or senior officer group level -- to which one co-ordinating agency provided strategic intelligence, reflecting a ‘whole of government’ approach.<sup>138</sup> The previous role of the Commonwealth Law Enforcement Board (CLEB) had been restricted to ‘law enforcement’ matters,<sup>139</sup> and many of its administrative and policy development roles are now undertaken by different departments and agencies.<sup>140</sup> The law enforcement bodies do have an input into ‘critical decisions’,<sup>141</sup> that is, those with a ‘national’ focus, but how extensive and consistent this is, is less clear:

Issues of relevance to national security, including defence and intelligence matters, are considered by the National Security Committee of Cabinet (NSCC), which is chaired by the Prime Minister. The NSCC is supported by the Secretaries’ Committee on National Security (SCNS), which usually considers issues before they are taken to the NSCC with the view to providing guidance, advice and options. There are a number of committees under SCNS that feed into the national security policy development and implementation process, some of which include State and Territory representation in order to provide mechanism for a co-ordinated national response.<sup>142</sup>

3.88 A possible drawback of the committee system is that it can result in incomplete knowledge and fragmentation, with little possibility of a co-ordinated overview. The need for co-ordinated strategic intelligence is not addressed by the development of a number of committees, the collection and dissemination of intelligence.

3.89 The Committee considers that the information held and analysed by such agencies must be provided to a national co-ordinating body or person which should be in the position of advising Government of the ways in which various strategies to combat crime are, or are not, working. If criminal activity is perceived as a major

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138 ‘The Police Ministers Council is one of the three components of the Ministerial Council on the Administration of Justice, and I think it would be fair to say that it is the primary body. But I do not think you could say it is the pre-eminent body because clearly when COAG dealt with the drugs issue the Police Ministers Council played a subordinate role to it. The Commonwealth itself has tended to deal with people-smuggling initiatives, and in respect of e-crime the Police Ministers Council is clearly playing a very important role’, *Transcript of evidence*, Attorney-General’s Department. p.5

139 *Transcript of evidence*, Attorney-General’s Department, p. 5: ‘The objectives that CLEB was intended to meet were concerned with the flow of information between law enforcement agencies and the government – both from the law enforcement agencies to the government and the reverse – and with giving the law enforcement agencies a clear idea of government priorities. It was also concerned with effective co-operation between the agencies.’

140 *Transcript of evidence*, Attorney-General’s Department, p. 7

141 *Transcript of evidence*, Attorney-General’s Department, p. 6

142 *Submission 4*, Attorney-General’s Department, p. 8

threat to society and the economy,<sup>143</sup> it must be met by an integrated ‘whole of Government’ response. This issue is considered further in Chapter 8.<sup>144</sup>

*Cooperation between agencies, Findings 22, 23*

3.90 A number of Findings relate to the need for better relationships and use of resources between agencies, including the AFP and the NCA. These include the progressive co-location of the AFP and NCA within non-CBD areas (Finding 22), and planning and sharing in areas such as IT and technical services (Finding 23).

3.91 It is not entirely clear if Ayers believed that physical co-location would be sufficient, or if the required outcome of co-location was a blending of cultures, skills and experience. Generally, there seemed not to be great enthusiasm for co-location on the part of the AFP, nor was there apparent interest in being located outside the CBD.<sup>145</sup> While some progress had been made, costs and pre-existing leases made it unviable for there to be full co-location in the short term.<sup>146</sup>

3.92 The NCA stated that it was in favour of co-location,<sup>147</sup> but that this had some necessary limitations. These could result in co-location being limited to sharing the same building or area,<sup>148</sup> but within an extremely secure environment. In effect, this could mean limited contact which would also limit sharing of ideas.<sup>149</sup>

3.93 It is difficult for the Committee to comment on the extent to which the outcomes of co-location are being produced. If the intention was to create a better understanding and greater co-operation between the agencies, this could be achieved in part through co-location and the joint use of some facilities. The former Chairman of the NCA suggested that rivalry was both strong and destructive during the period prior to the Ayers inquiry, to the detriment of law enforcement success generally. Whether this co-location and the AFP reform program can result in barriers being reduced is a matter that the Committee believes it cannot yet comment on.

3.94 If it was thought that co-location could result in an exchange of skills that the AFP in particular might benefit from (given Ayers’ belief that a major training program was required), it could be argued that improvements in the quality of recruits,

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143 See *Submission 7*, National Crime Authority, pp. 6-11; *Submission 4*, Attorney-General’s Department, pp. 2-3

144 See Chapter 8, especially Paragraphs 8. 79-8.83

145 Although this was more a result at present of being tied into leases within the CBD, in both Sydney and Melbourne. See also *Transcript of evidence*, Australian Federal Police, pp. 49-50

146 *Transcript of evidence*, Australian Federal Police, p. 49. *Submission 6A*, Australian Federal Police, p. 8

147 *Transcript of evidence*, National Crime Authority, p. 57

148 This appears to be the case with respect to Adelaide, but the Committee could not confirm this –see *Transcript of evidence*, Australian Federal Police Association, p. 78. The co-located building in Perth (which was officially opened in July 2001) keeps operational areas separate, but some services are shared

149 *Transcript of evidence*, National Crime Authority, p. 57

and extensive resources devoted to training have assisted AFP staff to obtain skills that were lacking in 1998. A number of AFP staff have also acquired additional skills through being seconded to the NCA.<sup>150</sup> On the other hand, one witness suggested that training needs were still substantial:

Both the NCA and AFP must acquire very high level technical capacity to deal with emerging electronic commerce issues. Fraud in these areas will eventually become a major issue for the Government as the business community demands a law enforcement response. At present we lack the people, the equipment and the legal framework to address these issues.<sup>151</sup>

3.95 The AFP has also established a Science and Technology Steering Committee which, among other things, will:

...oversight and advise the National Management Team on proposals for, and the implementation of, major science and technology projects and the AFP's capital acquisition program. This includes IT equipment.<sup>152</sup>

3.96 Funding was also provided in the 2001-2002 budget, under a continuation of the reform program, 'for continued purchasing of new electronic and forensic equipment.'<sup>153</sup> This may emphasise the gap between the resources available to the two agencies, which the NCA believes is disproportionate even taking into account the difference in size of the two agencies.<sup>154</sup> Nonetheless, the 2001-2002 budget has also provided additional funding to the NCA which will assist in upgrading IT and equipment.<sup>155</sup>

*Planning and development cooperation between AFP and NCA, Finding 23*

3.97 This finding relates mainly to issues such as IT and technical services, and does not require co-location. There have been some developments in this area,<sup>156</sup> also as a result of the requirement that there be greater efficiency and cost-effectiveness.<sup>157</sup> The NCA outlines areas in which there was useful cooperation without actual links of services, and these appear to meet requirements. As described by the NCA, the current system is similar to teams using the same football ground, but playing in different

150 Submission 2, Mr John Broome, p. 8

151 *Submission 2*, Mr John Broome, p. 11 and see also p. 10: 'there is no doubt there is a substantial skills shortage in all of the Commonwealth's law enforcement agencies'

152 *See Submission 6D*, Australian Federal Police, p. 8 and *Submission 6*, Australian Federal Police, pp. 19-20

153 *Submission 6D*, Australian Federal Police, p. 8

154 *See Submission 2*, Mr John Broome, p. 8

155 See Chapter 4, Paragraph 4.70

156 Including the 'joint development of a new communications interceptions facility', *Submission 6*, Australian Federal Police, p. 25

157 *Submission 6*, Australian Federal Police, p. 21

leagues.<sup>158</sup> With respect to some data sharing issues, operational and legislative factors may limit the extent of co-ordination.<sup>159</sup>

3.98 The AFP has also noted that there have been joint projects such as the telephone intercept facility TIES, but, as previously stated, that this does not involve data-sharing:

The implementation of TIES by the AFP and NCA will result in both agencies having a common hardware and software environment...each agency will mutually support the other with issues such as technical assistance, backup resources and disaster recovery. The agencies, however, will not be sharing the data derived through the use of TIES...<sup>160</sup>

3.99 Comments made by one witness, Mr John Broome, suggested that much of the rationalisation process supporting co-location and the sharing of corporate services was based on misconception and a belief that costs would be reduced by the sharing of some facilities.<sup>161</sup> In reality, he argued, there would be increased costs, because of existing lease arrangements.<sup>162</sup> This position was also supported by the NCA, which noted too that there were other disadvantages, such as a blurring of the distinction between the NCA and the AFP and a loss of autonomy.<sup>163</sup> The NCA believed it was important to keep the two organisations separate, not least because of its own emphasis and that of Government on the fact that it was not a police force.

3.100 The Committee believes that at present there is insufficient information available to demonstrate the effects of co-location.

#### *Characterisation of relationship between NCA and AFP, Finding 29*

3.101 Although Ayers did recommend some cost-saving and, apparently, culture sharing between the two organisations, he did not expect that they be amalgamated. The Committee agrees with this approach as it sees substantial differences in the role of the AFP and NCA, and no sound reason why these separate roles should not be maintained.

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158 *Submission 7A*, National Crime Authority, p. 12

159 This was also discussed in the Parliamentary Joint Committee's report, *Third Evaluation of the National Crime Authority* 1998, pp. 53-59

160 *Submission 6D*, Australian Federal Police, p. 8

161 *Submission 2*, Mr John Broome, pp. 11-13

162 *Submission 2*, Mr John Broome, pp. 11-12

163 *Submission 7A*, National Crime Authority, p. 11

## Functions

### *Changes in Direction, Findings 25-27*

3.102 Findings 25-27 consider the need for the AFP to divest itself of certain functions, both to concentrate on core activities and to develop the skills required to meet these. These findings in particular reflect the pressures placed on the AFP at that time, although the AFP had gradually divested itself of peripheral tasks over a long period. Although Ayers found that community policing should continue, it appears he believed this issue could be reconsidered after CHOGM in 2001, which may suggest that community policing was not seen as a priority area.<sup>164</sup> At the time of the Ayers inquiry, CHOGM was to be held in Canberra.

3.103 Both the AFP and the AFPA see community policing to be an important part of training, especially in relation to other similar policing tasks in overseas posts and the educational role undertaken through the Law Enforcement Cooperation Program (LECP).<sup>165</sup> The AFPA argued in particular that community policing not only assisted in the reduction of service duplication but provided certain people skills required in other work such as multi-agency operations.<sup>166</sup>

3.104 The latest ACT Policing Arrangement<sup>167</sup> has been in place since 1 July 2000. The Agreement provides a framework for the delivery of specified community policing service to the ACT, as purchased by the ACT Government.<sup>168</sup> The AFP is bound by the Agreement to provide these services until 2005. The Agreement is to be reviewed in 2002.<sup>169</sup>

### Core functions

3.105 Findings 27-28 emphasise that there is a need for the AFP to ensure its directions are in line with the nature of new crime. Finding 27 notes that ‘the areas of criminal activity of highest priority to the AFP are illicit drug trafficking, organised crime, serious fraud against the Commonwealth and money laundering. Emerging forms of crime involving electronic commerce, computers and intellectual property will cause concern.’ Finding 28 compares these operational activities with the then

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164 Ayers, Finding 25

165 See *Submission 9*, Australian Federal Police Association, p. 123; The Australian Federal Police, like the Royal Canadian Mounted Police provide community-policing functions to numerous island territories such as Christmas Island, Norfolk Island Cocos Islands, Jervis Bay as well as the ACT

166 See *Submission 9*, Australian Federal Police Association, p. 123; according to the AFPA, the FBI are criticised by State and County police in the USA that FBI Agents do not have ‘community policing’ experience

167 See Ayers, Finding 26

168 The Committee’s term of reference do not include the community policing function, and it has not been considered apart from its value in providing training for AFP agents generally

169 *Submission 6*, Australian Federal Police, p. 4

current core business of the AFP. As is noted in Chapter 2, the Ministerial Directive of February 1999 added the emerging crimes to those items of priority for the AFP.<sup>170</sup>

3.106 Ayers also noted that certain of these functions should be retained,<sup>171</sup> and others should be dropped, such as the provision of protection to Family Court judges.<sup>172</sup>

3.107 The AFP may or may not agree with the priorities that Ayers considered existed at the time of the review. They do share some of the reservations about certain of the other functions. The AFPA agrees with the finding that the witness protection program should be retained. It also wished to retain the protective security service available to certain people – VIPS, federal politicians, internationally protected persons and Family Court judges.<sup>173</sup> It was not averse to an arrangement whereby protection for Family Court judges should be provided by others, as noted at Finding 31.

3.108 In concentrating on a number of core activities, the AFP has also expanded its overseas role, both in terms of peacekeeping and assistance to other police forces, and in the number of liaison posts. A major objective of these liaison posts is the early identification of relevant criminal activity:

Their work is vital in the early identification of transnational criminal activities that impact on Australia or involve Australians, and provides the integral linkages that ensure timely protection of Australia's interests. They allow the AFP to conduct national and international investigations with particular focus on coordinated operational outcomes with overseas agencies.<sup>174</sup>

3.109 Other strategies assisting in improving outcomes in core areas include the Law Enforcement Co-operation Program and the Mobile Strike Teams.<sup>175</sup>

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170 See above, Chapter 2, Paragraph 2.20

171 See Ayers, Finding 30: 'The AFP should continue to provide witness protection services', and also Finding 32: 'The AFP should continue to provide VIP protection services but this should be reviewed following the Olympic Games and CHOGM. In the meantime, there should be an examination of the funding arrangements relating to the AFP's provision of these services'

172 Ayers, Finding 31: 'The AFP should stop providing protection services to the Family Courts as soon as possible. This will require consultation with the Family Court on options to replace this service.' This has been accepted, see *Submission 6*, Australian Federal Police, p. 27

173 *Submission 9*, Australian Federal Police Association, p. 31; The AFP also contributes to security planning of special events, and provides intelligence to other police services via the Australian Bomb Data Centre (ABDC) and Security Intelligence and Diplomatic Liaison teams (SIDL)

174 *Submission 6D*, Australian Federal Police, p. 14

175 *Submission 6D*, Australian Federal Police, pp. 14-15

## Implementation

### *AFP outcomes, Finding 34*

3.110 Overall, Ayers considered that there should be five outcomes. Two of these are broad: the deterrence of criminal activity in areas impacting on the Commonwealth Government's interests, and that the Government's commitment to improving world stability is strengthened by the AFP's contribution to international law enforcement activities. There are three, more localised, outcomes: safety and security for people and interests identified as at risk; the creation of a safer community where community policing occurs; and that there is a good relationship between the AFP and the community because of the service provided.

3.111 The extent to which the above outcomes have been achieved is difficult to determine, given that the aims are so extensive. It could be argued that parts of items one and four have been met to a degree because of the operational activities of the AFP, and its involvement in international policing and liaison with international police forces. These are seen as having contributed significantly to the increase in strategic intelligence and better co-operation with other police forces, leading to improved arrest rates and thereby a possible improved deterrent effect.

3.112 The extent to which an indicator such as 'the deterrence of criminal activity' can ever be met in full must necessarily raise the question of how to evaluate outcomes for a program which changes to meet circumstances. The AFP's directions are set by Government and they change depending on a range of factors. Legislative change has also been required to address new crime, and training and equipment must also keep pace. The stated substantial growth in criminal activity and in the sophistication of criminal activity, including its use of e-commerce, is a challenge faced by most police forces and is not unique to Australia.

3.113 The performance indicators used by the AFP to measure outcomes suggest that there has been an improvement in most areas.<sup>176</sup> Some of these indicators demonstrate an improvement relative to prior performance, rather than forming a measure of achievement relative to criminal activity.

3.114 As suggested above, there are circumstances in which it might be possible to relate numbers of suspected fraud cases to the number of investigations and then to convictions. Given that there are estimates of substantial money laundering, for example,<sup>177</sup> it would appear that this is an area which will require a number of indicators to measure different types of processes. As noted by one witness, factors

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176 *Submission 6*, Australian Federal Police, pp. 14-17; see below, Chapter 7 on performance indicators

177 See *Transcript of evidence*, National Crime Authority, p. 71

such as the restrictions of legislation may have an impact on the conviction rate,<sup>178</sup> though they may have little to do with estimating the quantum of the offence.

3.115 While quantitative measures can be used, they may also need to be balanced with factors that demonstrate improved performance in use of skills and resources. A reduced drug haul (relative to earlier operations) may be balanced by obtaining additional evidence on a major player in drug importation which may have a more substantial effect. Fewer operations may occur for a period because previous operations have caused disruption to a particular activity.

3.116 Other outcomes, such as items two, three and five require different measurement to determine effectiveness, such as surveys of the target population of the relevant community. The AFP has provided performance indicators for the protective services and overseas services functions,<sup>179</sup> and has developed indicators for community policing.<sup>180</sup> These have been tested and considered to have been working effectively.<sup>181</sup>

3.117 From 2000-2001, the AFP established two outcomes,:

1. The investigation and prevention of crime against the Commonwealth and protection of Commonwealth interests in Australia and overseas;
2. Policing activity creates a safe and secure environment in the ACT.

3.118 These use similar performance indicators, which will be considered in more detail in Chapter 7.

#### *Implementation of the Ayers Findings, Findings 35 and 36*

3.119 Ayers stated that the Commissioner should ‘report to the Minister for Justice every six months on the implementation of the review’s findings’ and that the Minister should also report to Cabinet annually, ‘until the end of the implementation process.’<sup>182</sup> This process appears to have been completed satisfactorily, in that the monitoring committee acted as an Advisory Board on the implementation of recommendations.<sup>183</sup> However, given the nature of the monitoring committee,<sup>184</sup> its reports to the Minister may have been somewhat different to those of an Advisory Board.

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178 *Transcript of evidence*, Mr John Broome, p. 117

179 *Submission 6*, Australian Federal Police, Attachment E

180 *Submission 6*, Australian Federal Police, p. 14

181 See below, Chapter 7

182 Ayers, Findings 35 and 36

183 See above, Paragraphs 3.59-3.63

184 See above, Paragraphs 3.59-3.62



*Co-ordination of efforts on Commonwealth crime, Findings 27, 33*

3.120 Chapter 8 of this report examines in detail the need for more effective co-ordination and integration of law enforcement agencies dealing with crime against the Commonwealth. With respect to Finding 33, the Committee believes that this has not been dealt with satisfactorily and, in accordance with Term of Reference (e), has considered if there is a need for more effective co-ordination and policy setting. The Committee also notes that Finding 27 of Ayers stated that: ‘Emerging forms of crime involving electronic commerce, computers and intellectual property will cause concern.’ Although this concern is reflected to some extent in the Minister’s Direction of 1999,<sup>185</sup> the issues referred to are ones also prominent in organised crime and therefore not solely the province of the AFP or even all police forces.

3.121 Although the operational capacity of the AFP, and the NCA to a lesser extent, has been increased, some of the evidence provided to the Committee suggested that a central co-ordinating and guiding body was essential if there was to be long-term policy development and effective oversight.<sup>186</sup> This is especially the case if the changes in crime require a move from a ‘law enforcement agency only’ approach to one that requires a whole of government strategy.

3.122 Information to the Committee supported the fact that multiple agencies were involved in collecting data, establishing working parties, and developing policies.. Agencies with similar interests or problems worked together in a manner which cut across traditional law enforcement boundaries.

The department’s submission drew a link between emerging global criminal threats and the mechanisms in place to enable law enforcement to respond strategically to such threats from both a policy and operational perspective. In particular, it is our view that a criminal environment increasingly driven by transnational criminal groups using sophisticated technology to exploit emerging criminal opportunities demands a more dynamic and adaptable framework for coordinating law enforcement responses than traditional coordination arrangements generally provide.<sup>187</sup>

Increasingly, law enforcement is taking its place as just one part, but obviously a vital part, of a comprehensive matrix of strategies involving integrated policy outcomes.<sup>188</sup>

3.123 In itself, this could be seen as an advantage in that it requires agencies to be aware of issues they might otherwise not address in any depth. However, the real test of this approach has to be whether a co-ordinated message is being transmitted to the relevant parties, including Government, and what action has been taken.

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185 See above, Chapter 2, Paragraph 2.19

186 See below, Chapter 8

187 *Transcript of evidence*, Attorney-General’s Department, p. 2

188 *Transcript of evidence*, Attorney-General’s Department, p.4

3.124 Originally, the co-ordinating role had been played by the Commonwealth Law Enforcement Board (CLEB). This body, which was restricted to law enforcement agencies, is now virtually defunct.<sup>189</sup> Unfortunately, it is not clearly stated that it has no funding and no tasks.<sup>190</sup> Such a declaration would at the least demonstrate more clearly that there is no single recognised co-ordination and liaison authority for law enforcement agencies, and that this may also affect the quality of information provided on ‘whole of government’ issues.

3.125 It appears to the Committee that the benefits of the substantial growth in the capacity of the AFP in particular will be lost if there is no means by which its priorities are better assisted by support agencies. Additionally, the links between the AFP and the NCA, as well as the effective implementation of their different strategies, demand more effective co-ordination. This is discussed further in Chapter 8.

## Conclusions

### *Operational strength*

3.126 One of the problems in determining the effectiveness of the various reports on the AFP, including Ayers, is that operational effectiveness and expanded capacity is relative. As the AFP itself acknowledges, ‘staffing numbers are only one of many inputs, and do not on their own constitute the best indicator of capacity to deliver on the services needed.’<sup>191</sup> Larger numbers of staff without required skills, will not make for effective operations, although they may contribute to the undertaking of more operations. For this reason, the current emphasis of the AFP was on increased and appropriate skilling and use of technology.<sup>192</sup>

3.127 Both the Ayers reforms and those arising from earlier programs have resulted in the development of more effective management processes and better allocation and accountability of funds. In addition, the planning and data collection process, and the development of systems such as PROMIS, has assisted in the provision of more co-ordinated and up-to-date data for operational purposes. The AFP has referred not only to the development of internal systems but also the expansion of the LEC Program<sup>193</sup> and the Overseas Liaison Officer Network as having contributed:

...to an improved strategic intelligence capability, now being demonstrated in operational successes.<sup>194</sup>

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189 See *Transcript of evidence*, Attorney-General’s Department, pp. 6-7

190 *Transcript of evidence*, Attorney-General’s Department, p. 6

191 *Submission 6*, Australian Federal Police, p. 26

192 *Submission 6*, Australian Federal Police, p. 26

193 Law Enforcement Cooperation Program, *Submission 6*, Australian Federal Police, p. 26; see also *Submission 6A*, Australian Federal Police, p. 14

194 *Submission 6*, Australian Federal Police, p. 26

3.128 The AFP also noted a large number of other factors, such as better equipment, and more flexible work arrangements as making a contribution to the development of skilled and mobile teams. In short, the argument they put forward was that funding was not the only relevant factor in providing good operational services.

3.129 The operational strength of the AFP is unlikely to meet all demands, even within fairly limited parameters:

...it is unlikely that the AFP will ever have sufficient resources to do everything that might be done within its jurisdiction, therefore it must strive to allocate resources to activities of greatest value through a transparent priority setting and decision making process.<sup>195</sup>

3.130 While there is merit in setting targets such as being a police force 'second to none', such targets are rhetorical, and difficult to measure. It is more important to ensure that priorities are reasonable, measurable and achievable and that every effort is put into meeting those which can have the maximum impact on criminal activity. In achieving this outcome, the AFP must necessarily work smarter and harder, and in real co-operation with other agencies.<sup>196</sup>

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195 Deloitte and Touche, *Australian Federal Police, Review of Resource Management Practices*, 1997, Executive Summary, p. 3, and see also p. 7.

196 See above, Paragraphs 3.120-3.125 and also Chapter 8

