

Ministerial Statement on the Australian Federal Police

Parliament House, Canberra – Wednesday 16 June 2010

Introduction – growth in challenges for the Australian Federal Police and the need for reform

Mr Speaker, this statement outlines progress made by the Rudd Government on reforms designed to strengthen the governance and funding arrangements of the Australian Federal Police. The key elements of these reforms are long overdue and were set out in commitments that the Rudd Government took to the last election.

The Rudd Government has undertaken an ambitious agenda for Federal policing reform and we have made significant progress.

Just as we passionately believe Australian families deserve better opportunities, better health and hospitals and better schools, we also believe Australian families are entitled to live as part of a safe community. A highly skilled, highly professional, capable Federal Police force is crucial to realising this aspiration.

The reforms we are implementing are needed because of the substantial growth in the size and responsibilities of the AFP over the last thirty years. Budgetary, governance and structural arrangements that might have sufficed twenty or even ten years ago have now passed their use-by date.

Since its creation just over thirty years ago the Australian Federal Police has been called upon to meet new demands, encompassing whole-of-government, national and international crime threats.

These demands range from evolving forms of organised crime including high-tech transnational online crime, counter-terrorism in our region and beyond, aviation security, human trafficking and people smuggling, and combating the scourge of the illicit drug trade.

The AFP's role in international capacity building and securing the rule of law in our region has also grown significantly and become more important to Australia's national security interests.

When it was established around thirty years ago the AFP had a budget of around \$60 million dollars.

In the last 10 years alone the AFP's budget has grown from \$302 million dollars and around 2,800 staff, to just over \$1.25 billion and around 6,500 staff this financial year. This is expected to grow to 6,700 in the near future.

During the last 30 years, the AFP has developed a highly skilled and specialised policing capacity that other nations look to replicate. The reforms underway build on these strengths by improving existing capability and putting in place new governance and budgetary arrangements to enable further improvements.

Rudd Government Commitment – a 'Five Point Plan'.

In recognition of the demands this rapid expansion of responsibilities has placed on the AFP, in its first year the Rudd Government set about implementing its election commitment to a 'Five Point Plan'.

This 'Five Point Plan' includes:

- conducting a comprehensive 'Federal Audit of Police Capabilities' now known as the 'Beale Audit',
- a commitment to the recruitment of 500 new sworn officers,
- creating an AFP recruitment and retention program,
- expanding the recruitment of Indigenous Australians to the AFP; and
- developing a national approach to policing through the creation of a National Crime Database to share resources and information in partnership with Crimtrac.

Federal Audit of Police Capabilities

The 'Federal Audit of Police Capabilities', was conducted by Roger Beale AO, and involved extensive consultation, with the AFP, partner law enforcement agencies and police unions at the federal, state and territory level.

The report prepared by Roger Beale called "*National Policing in the 21st Century, Report of the Federal Audit of Policing*" was handed to Government and subsequently released in December 2009. After considering the report in detail, the Government announced that it would accept 39 of the 40 recommendations.

The Beale Audit and its recommendations sets out a widely supported road map for reform that will deliver the Rudd Government's objective of strengthening the Australian Federal Police and placing it in a far stronger position to meet the challenges that I have outlined.

This reform process serves as an example of the capacity of the Rudd Government to deliver difficult and substantial reforms

involving a wide range of stakeholders. These are reforms that will serve the interests of Australians in the decades ahead.

Funding reform

Since September last year, the Government has appointed a new Commissioner and three new Deputy Commissioners to take the AFP forward. Commissioner Tony Negus, his Deputy Commissioners Andrew Colvin, Mike Phelan and Peter Drennan, along with the Chief Operating Officer Andrew Wood, are a quality leadership team who have professionally embraced reform.

Of primary significance is the Rudd Government's respect for the operational independence of the AFP and respect for those officers entrusted to hold the office of Commissioner and Deputy Commissioner.

Respect for the operational independence of the AFP is reflected in the decision in this year's budget to overhaul and provide certainty in relation to the AFP's funding arrangements. This decision will take effect from July 1 this year.

The Beale Audit found that as a result of *ad hoc* decisions in the preceding years, nearly three-quarters of all AFP funding was tied to terminating, lapsing or otherwise time-limited programs. Much of this funding in fact related to core areas of AFP business. For example, funding for aviation security policing at our 11 major airports and for regional counter terrorism capacity building programs such as the Jakarta Centre for Law Enforcement Cooperation has been subject to reconsideration in the budget process every four years.

Other core programs treated similarly in the past include the AFP's Telecommunications Interception Capabilities and the National Missing Persons Coordination Centre. Funding for these core programs will now be built into the AFP's funding base. Mr Speaker, resources of the AFP and other agencies have had to be tied up year after year to secure funding for these crucial policing tasks and this is unproductive.

The audit identified the current funding arrangements as a significant impediment for medium to long-term planning within each of the program areas. This created uncertainty and inhibited investment in police capability, with flow on problems in relation to the engagement and training of staff and the acquisition of appropriate equipment and other capital items.

The leadership of the AFP will now be able to plan and invest with certainty in building police capability for the future. It also means that the AFP leadership are given the operational flexibility to deploy resources to meet time limited priorities or emerging crime threats.

Currently 27% of the AFP's funding is base funding. As a result of the 2010-11 budget this will grow to 65%. In future years, programs with funding due to terminate or lapse will be considered as part of the budget for incorporation into the AFP's funding base.

The new arrangements will help the AFP to create greater efficiencies and provide operational flexibility across the organisation. This will improve the AFP's ability to manage long term investigations into counter terrorism, serious and organised crime and response-based operations.

New structure and governance arrangements - Implementing the Organised Crime Strategic Framework

The AFP leadership has moved quickly to adopt the recommendations of the Beale Audit, completing a significant organisational restructure on the 1st of February this year to renew its focus on serious and organised crime.

The AFP's revised structure will maximise the organisation's operational performance by ensuring that organised criminal activity such as drug trafficking, fraud, money laundering and other organised crime types are handled holistically, not separately.

As part of the restructure, and in recognition of the growth of the organisation the AFP has appointed a third Deputy Commissioner, responsible for Close Operations Support. This includes the High Tech Crimes area, Intelligence, Forensics and AFP data centres. The restructure has also created two new portfolios, 'Serious and Organised Crime' and 'Crime Operations'.

These changes take into account the AFP's place within the Commonwealth's Organised Crime Strategic Framework released by the Attorney-General and I, in November last year. The arrangements provide greater flexibility for the organisation to manage long-term investigations across a range of areas.

The integrated approach is enabling the organisation to build on its strengths and tackle criminal enterprises from every angle. It extends the AFP's ability to shape and influence its operating environment, limiting criminal opportunities while building a range of preventative programs and partnerships.

The AFP is well advanced in implementing its revised structure, which gives the organisation clear and critical roles within the national security architecture and provides an opportunity to improve the way it approaches serious criminal activities.

Improving capacity of the AFP to deliver on broader national objectives

As the Prime Minister said in the first National Security Statement to the Parliament in December 2008, *“Australia’s security and law enforcement agencies are playing a critical role in protecting Australian citizens, both at home and abroad. The Government is committed to ensuring that our agencies are resourced appropriately to meet the challenges of terrorist threats”*.

One of the key findings of the Beale Audit was that the national role of the AFP had evolved and grown. Policing is now recognised as an essential element of national security. The Audit also recognised the need for greater levels of cooperation and interoperability between commonwealth, state and territory police agencies and other law enforcement and security organisations.

As the Prime Minister’s statement affirms, it is no longer possible to frame national security issues purely in terms of defence, diplomacy or counter-terrorism, when challenges such as people smuggling, organised crime, cyber-security, online crimes and environmental crimes all have the potential to adversely affect the peace and prosperity of Australia.

In the contemporary regional and international environment, the AFP has a key role in protecting Australian interests, because it has

responsibilities across a broad range of national security concerns. The AFP is well positioned to contribute in this context, through its international network of more than 80 liaison officers stationed in more than 30 countries. This includes specialised counter-terrorism liaison officers in key locations such as the United States, United Kingdom and Indonesia.

Counter-terrorism – an integrated National approach

Preventing a terrorist attack on Australian soil remains the highest priority of the Government and the AFP.

We have been fortunate that, so far, close cooperation between agencies, shared intelligence and good police work has prevented an attack from taking place.

There have been a number of investigations and successful prosecutions which show that Australia is not immune to home-grown terrorist operations.

To enhance this spirit of cooperation the AFP, in conjunction with its partner agencies, has implemented recommendations from a number of reviews that will enable the national security community to interact more effectively. A significant step forward has been to adopt systems which make it easier to transfer classified material and share intelligence information.

The AFP is working on a significant project to deliver secure networks to store and share Secret and Top Secret information across the organisation and with other national security agencies, quickly and easily. This will ensure better coordinated investigations

and lay a foundation for more sophisticated capabilities in the future.

As I have mentioned, we have been fortunate that Australia has remained free from terrorist attack in recent times, but preventing radicalisation within the community that may lead to such acts remains a high priority.

One of the key strategies in the Counter-Terrorism White Paper released by the Government earlier this year is building a strong and resilient Australian community, to resist the development of violent extremism and terrorism on the home front.

The AFP contributes to the National Community Engagement Strategy, which aims to undermine extremist ideology and increase community resilience. This is being done in conjunction with commonwealth, state and territory partners, and through positive community engagement by the AFP's Community Liaison Teams.

Aviation Security reform

The international threat of terrorist activity and the vast number of people who now travel by air means that airport policing is vital to national security. The role of police at Australia's 11 major airports provides a critical front line response. However the Beale Audit confirmed there is room for improvement.

The current policing arrangements are a patchwork of federal, state and territory policing responses based on a history of different approaches and agreements.

This year's budget confirmed that \$759.4 million for AFP airport policing and aviation security funding, including lapsing programs, will be rolled into the AFP's base funding from 1 July this year.

The Government agreed in December 2009 to take responsibility for airport security and policing services at Australia's 11 major airports through a nationally integrated system. This means that over the next three to five years, there will be a staged transition from the existing mix of federal, state and territory staffing arrangements to an AFP uniformed police presence. By the end of the reform period, sworn AFP officers will fill the majority of airport policing roles at Australia's 11 major airports.

This involves a comprehensive workforce transition, training and recruitment program over the next 3 to 5 years. This process is now well underway.

In co-operation with States, Territories, airports, Unions and other stakeholders, we will transition to a far more cohesive policing response at our major airports. Airport Police will be consistently trained and employed by the AFP. This will place less reliance on the States and Territories to supply police officers as they currently do through the COAG agreement process.

The existing Counter Terrorism First response function at airports will also be integrated into the new model of aviation security and policing. The Joint Airport Investigation Teams and Joint Airport Intelligence Groups will remain with a mix of state or territory and federal police officers as this remains the most effective structure.

These changes are consistent with the Beale Audit's finding that an all-in model of policing will improve the efficiency and effectiveness of airport policing and security services.

In 2010-11 Budget, the Government announced a further \$17.8m over four years to be invested in additional Firearms and Explosive Detection Dogs and AFP handlers at Australia's 8 major international airports – an increase in capacity of 50%. This new funding is a further demonstration of the Government's commitment to continuing to improve airport security.

National and regional progress in crime fighting – meeting challenges created by high tech crime and globalisation

The AFP is strategically well-placed to work in conjunction with other agencies on a range of matters relating to national security. In addition, the AFP is committed to finding new ways to combat emerging and existing crime types. One innovative way is the High Tech Crime Operations portfolio. This portfolio provides a holistic approach to investigating technology enabled crimes, both in Australia and overseas, while providing support services, prevention programs and important community education such as "ThinkUKnow".

This is the first time that a policing agency has established this type of specialist function. It is helping to set the international standard for dealing with technology enabled crime.

As a result of the AFP's success in this area, it has been elected to chair the Virtual Global Taskforce, an international coordination group looking at technology enabled crime and crucially, the protection of children online.

Through the AFP, Australia has also entered into agreements with a range of countries to proactively address crime trends in this area and to exchange information and intelligence.

The Australian Government is also strongly supportive of another initiative designed to provide a training and education facility for police from around the world. As I have mentioned, the continuation of the Jakarta Centre for Law Enforcement in Indonesia is now assured under the AFP's new funding model.

More than five and a half thousand officers have completed programs at the centre, representing police organisations from countries as diverse as Pakistan, Indonesia, Brunei and Timor Leste.

A clear example of how this kind of initiative supports Australian national security and crime fighting objectives is a decision by the Centre to host the first inter-regional People Smuggling and Human Trafficking Conference, bringing together regional police forces in a unified response to this terrible trade.

Promoting the Rule of Law in the region

International peace keeping and capacity building has also become a core element of the AFP's role. The range of Australian initiatives which require a policing contribution has also grown. AFP members now undertake duties in conflict zones where armed forces operate and government institutions are weak. The AFP also provides training and mentoring to police in developing nations. This includes high risk missions such as Afghanistan, Timor Leste and Papua New Guinea.

By establishing a standing capability to deploy professional and well trained officers rapidly at times of immediate crisis, the AFP is able to contribute to pre and post-conflict capacity building in the region.

The AFP's involvement in peace keeping and capacity development has broader law enforcement benefits for Australia. Helping to establish strong rule-of-law principles within our neighbouring region and further afield will help to prevent criminal cartels or terrorist groups from gaining a foothold, or strengthening their position, in fragile states.

Commitment to 500 extra police

The Rudd Government promised to boost the number of sworn AFP members by 500 over a five year period. We are well and truly delivering on this commitment.

The AFP's growth in size and in responsibilities has indeed been remarkable and that is why the Rudd Government's Five Point Plan included the commitment to 500 extra uniformed police, as well as a comprehensive recruitment and retention strategy.

In its first budget in 2008-09 the Rudd Government provided \$191.9m for this purpose. In this year's budget the Rudd Government agreed to a further \$23.5 million in corporate savings identified as part of the Beale Audit, being re-invested in the recruitment of additional sworn police.

I am proud to say the AFP is exceeding recruitment targets set by the Government.

Since the election of the Rudd Government to date, an additional 280 recruits have joined the AFP, with another 79 expected to graduate by the end of 2010. Mr Speaker, this means that the Government is 220 sworn police officers ahead of the original recruitment timeline set for achieving the target of an additional 500 officers.

AFP – development of Recruitment and Retention Strategy

This achievement is in some measure due to another element of the Rudd Governments election commitments.

The AFP has developed and implemented a recruitment and retention program as part of the Rudd Government's Five Point Plan. This has involved market research analysis to determine the way Indigenous Australians, women and members of culturally and linguistically diverse communities view the AFP as an employer. New strategies are now incorporated into the AFP's recruitment and retention strategy, which also will help boost police numbers as well as to promote diversity.

Indigenous Recruitment

In the area of Indigenous Recruitment, as all Australians know, there is much to be done. The AFP was the first government agency to sign the *Australian Employment Covenant*, which is an initiative to secure 50 thousand sustainable jobs for Indigenous Australians over the next few years. Importantly, the AFP has committed to creating 40 new jobs for Indigenous Australians each year.

Implementing a national crime database

The Australian Government is committed to bolstering a national approach to policing as part of its five-point plan. This includes a commitment to establishing a national crime database.

Work is continuing in this area, and the AFP's Spectrum Program is developing information technology tools which will operate between agencies.

In August 2009 the Standing Committee of Attorneys General agreed to a set of measures to respond to organised crime including measures to address impediments to information and intelligence sharing and interoperability.

Among these measures, the Standing Committee of Attorneys General agreed that CrimTrac would conduct a feasibility study on a national case management system, which will be completed in March 2011.

This plan is in line with the Government's determination to utilise a whole-of-government strategy to protect Australian interests.

Conclusion

The Beale Audit has come at a significant point in the AFP's history, and implementing the key recommendations of the Audit has enabled the AFP to cement its place as a key agency within the national security community. This is underlined by the organisation's new corporate structure, which emphasises its strengths and underlines its core areas of responsibility.

With its own permanent headquarters for the first time in its 30 year history soon to become operational, the AFP has come of age. The move to the Edmund Barton Building brings the AFP appropriately near to its partner agencies in the centre of Canberra's Parliamentary triangle. It is a fitting location for an organisation that is now very much at the centre of Australia's law enforcement and national security architecture.

Beyond the Home Affairs portfolio, the Government has delivered on further commitments to Australia's police, including and beyond the AFP. In industrial relations, the Government abolished *WorkChoices* which was considered by police associations around the country to undermine police morale and as a significant factor in high attrition rates of qualified police across the country.

Another election commitment delivered by the Rudd Government is the new National Police Service Medal.

This medal, both its design and eligibility criteria, has been developed by the Government in partnership with Police Commissioners and police associations across the country.

The Government has now sought the Queen's agreement to the criteria, design and placement in the order of wearing.

It is anticipated that the issuing of the new National Police Service Medal will begin later this year. The new medal will serve as a lasting sign of the respect that this Government has for hard working, dedicated police men and police women across the country. Their work and service to our country is invaluable.

The AFP has developed over the past decade into one of the most comprehensively competent police forces in the world. All members of this place should be proud of its achievements.

The Rudd Government will continue to support the endeavours of the Australian Federal Police and ensure that it is adequately resourced and supported to combat criminal activity in all its forms, for the benefit of Australian families who deserve the best possible Federal police force.