

AUSTRALIAN FEDERAL POLICE

Section 1: Overview, appropriations and budget measures summary

OVERVIEW

The Australian Federal Police (AFP) was established by the *Australian Federal Police Act 1979* and is the major provider of Commonwealth law enforcement. The AFP's primary responsibility is to enforce Commonwealth criminal law and protect Commonwealth and national interests from crime in Australia and overseas. In doing so, it is Australia's international law enforcement and policing representative and the chief source of advice to the Government on policing issues.

From 1 July 2002 the AFP incorporated the Australian Protective Service (APS), established by the *Australian Protective Service Act 1987* as an operating division. The APS complements the AFP's role through the guarding and security of designated Commonwealth establishments in Australia and overseas, and other national interests.

APPROPRIATIONS AND RESOURCING

The AFP delivers services under two Outcomes:

- Outcome 1 has a national and international focus in the investigation and prevention of crime along with the protection of Commonwealth interests, and
- Outcome 2 is focussed on the provision of community policing services to the ACT.

The 2004–05 Budget provides revenue from the Commonwealth Government for Outcome 1 functions. Outcome 2 activities are funded on a contract basis by the ACT Government.

The total 2004–05 operating budget of \$910.646m represents an increase of \$154.939m (or 20.5%) on the 2003–04 Additional Estimates budget.

The appropriation component of the total 2004–05 budget for the AFP is \$711.535m. Table 1.2 provides a summary of the new measures introduced in the 2004–05 Budget. The price of the respective outputs contributing to each Outcome for the AFP is reflected in the outcomes and outputs map.

ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

The AFP does not have any administered items and will not receive any loans in 2004–05. An equity injection of \$4.793m in 2004–05 has been made available for the purchase of assets relating to previous measures for strike team capacity, Project Axiom, PNG, Aviation security and rapid response capability. An additional new measures component of \$5.760m will be received in 2004–05 under the Regional Counter Terrorism strategy for a Rapid Deployment capability and a Joint Training facility in Jakarta. The total equity injection for 2004–05 being \$10.553m.

AUSTRALIAN FEDERAL POLICE — APPROPRIATIONS 2004–05

Table 1.1: Appropriations and other revenue (\$'000)

Outcome	Departmental (price of outputs)					Administered				Total appropriations
	Revenue from Government (appropriations)			Revenue from other sources	Price of outputs	Annual appropriations		Special appropriations	Total administered appropriations	
	Bill No 1 (A)	Special approps (B)	Total (C = A+B)	(D)	(E = C+D)	Bill No 1 (F)	Bill No 2 (SPPs & NAOs) (G)	(H)	(I = F+G+H)	(J=C+I)
Outcome 1 – The investigation and prevention of crime against the Commonwealth and protection of Commonwealth interests in Australia and overseas	711,535	-	711,535 86.6%	110,491	822,026	-	-	-	-	711,535
Outcome 2 – Policing activity creates a safe and secure environment in the ACT	-	-	-	88,620	88,620	-	-	-	-	-
Total	711,535	-	711,535	199,111	910,646	-	-	-	-	711,535
Departmental capital (equity injections, loans and previous years' outputs)										10,553
Administered assets and liabilities										-
Total appropriations										722,088

1. Columns C, E and I refer to information provided in Total Resources for Outcome table at Table 2.1.1

2. Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), New Agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans.

3. Refer to Budgeted Statement of Financial Performance for application of agency revenue.

4. Revenue from other sources includes other revenue from government (for example, resources received free of charge) and revenue from other sources (for example, sales of goods and services by agencies).

Non-appropriated departmental and administered revenues are detailed in Table 1.3.

Note Percentage figures indicate the percentage contribution of Revenue from Government (Departmental Appropriations) to the Total Price of Outputs, by outcome Measures — Department summary.

MEASURES — DEPARTMENT SUMMARY

Table 1.2: Summary of measures disclosed in the 2004–05 Budget (including depreciation)

Measure	Outcome	Outputs affected	Appropriations Budget 2004–05 (\$'000)			Appropriations Forward Estimate 2005–06 (\$'000)			Appropriations Forward Estimate 2006–07 (\$'000)			Appropriations Forward Estimate 2007–08 (\$'000)		
			Dept expenses	Equity	Total	Dept expenses	Equity	Total	Dept expenses	Equity	Total	Dept expenses	Equity	Total
Solomon Islands – Regional Assistance Mission	1	1.3	100,346	-	100,346	-	-	-	-	-	-	-	-	-
Solomon Islands – health services for Australian personnel	1	1.3	18,000	-	18,000	6,000	-	6,000	-	-	-	-	-	-
Investing in Australia's Security – rapid deployment capability	1	1.1	8,987	2,460	11,447	8,630	300	8,930	9,018	300	9,318	9,312	300	9,612
Investing in Australia's Security – Jakarta Centre for Law Enforcement Co-operation ¹	1	1.1	8,300	3,300	11,600	6,200	-	6,200	6,400	-	6,400	6,600	-	6,600
East Timor – support to the United Nations Mission	1	1.3	6,539	-	6,539	-	-	-	-	-	-	-	-	-
Australian Federal Police – continued presence and support in Melanesia	1	1.1 1.3	4,957	-	4,957	5,002	-	5,002	5,101	-	5,101	5,210	-	5,210

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			Dept expenses	Equity	Total	Dept expenses	Equity	Total	Dept expenses	Equity	Total	Dept expenses	Equity	Total
Australian Federal Police – continued funding for people smuggling strike team	1	1.1	4,258	-	4,258	4,296	-	4,296	4,381	-	4,381	4,475	-	4,475
Investing in Australia's Security – Air Security Officer Programme	1	1.4	3,925	-	3,925	3,632	-	3,632	3,935	-	3,935	4,222	-	4,222
Surveillance – enhanced capabilities & oversight	1	1.1	1,590	-	1,590	1,999	-	1,999	2,073	-	2,073	2,163	-	2,163
Melbourne 2006 Commonwealth Games – contribution	1	1.2	251	-	251	1,706	-	1,706	-	-	-	-	-	-
Total			157,153	5,760	162,913	37,465	300	37,765	30,908	300	31,208	31,982	300	32,282

1. Departmental output funding of \$7.000m and Equity funding of \$0.500m to be received in 2008–09.

Note In addition to the measures listed in the table above, the 2004–05 Budget will also disclose funding for the deployment of personnel to assist the Royal Papua New Guinea Constabulary. The resourcing for this measure over four years from 2003–04 was disclosed in the 2003–04 Portfolio Additional Estimate Statements. The total resourcing to 2007–08 (expense, depreciation and capital) for each year is: 2004–05 \$153.436m, 2005–06 \$197.580m, 2006–07 \$178.477m and 2007–08 \$179.572m.

REVENUE FROM INDEPENDENT SOURCES

Table 1.3: Revenue from independent sources

	Estimated Revenue 2003–04 \$'000	Estimated Revenue 2004–05 \$'000
DEPARTMENTAL REVENUE		
Australian Protective Service – guarding and security activity	91,300	92,180
ACT Government (Outcome 2 – ACT Community Policing)	84,879	88,620
Sales of other goods and services	28,841	18,000
Total sales of goods and service and interest	205,020	198,800
Other	-	-
Resources received free of charge	298	298
Other revenue	13	13
Total other	311	311
Total Estimated Departmental Revenue	205,331	199,111

Guarding and security services are provided by the APS on a competitive neutrality basis, i.e. as a semi-commercial operation. Community policing services are provided to the ACT Government on a contract basis in accordance with an inter-Government Arrangement of March 2000 and are subject to a negotiated annual Purchase Agreement.

SPECIAL APPROPRIATIONS

The AFP does not have any special appropriations.

SPECIAL APPROPRIATIONS

Table 1.6: Estimates of special account flows and balances

Special Accounts	Revised Estimate - 2004-05, Heavy Figures			
	Estimated		Actual - 2003-04, Light figures	
	Opening Balance	Receipts	Payments	Closing Balance
	2004-05	2004-05	2004-05	2004-05
	2003-04	2003-04	2003-04	2003-04
	\$'000	\$'000	\$'000	\$'000
Australian Protective Service - <i>s20 Financial Management and Accountability Act 1997</i> (D)	19,503	175,388	171,390	23,501
	20,260	154,188	154,945	19,503
Comcare - Special public money - <i>Safety, Rehabilitation and Compensation Act 1998</i> (D)	993	2,200	2,493	700
	402	2,530	1,939	993
AFP Official MPR and Warrants Trust Account – Other trust monies - <i>s20 Financial Management and Accountability Act 1997</i> (D)	16	100	101	15
	11	112	107	16
AFP Official Exhibits and Seized Moneys Trust Account - Other trust monies - <i>s20 Financial Management and Accountability Act 1997</i> (D)	1,185	1,050	1,135	1,100
	1,235	1,014	1,064	1,185
Total Special Accounts	21,697	178,738	175,119	25,316
	21,908	157,844	158,055	21,697

D = Departmental A = Administered

Notes

- Note 1. The Opening Balance for 2004-05 is the same as the closing balance for 2003-04.
- Note 2. Receipts from appropriations and other sources are further specified in the Total Resources for Outcome tables 2.1.1 in Section 2: Outcomes and outputs information.
Bank accounts that were previously held for Law Enforcement Projects and Sponsored Activities have been closed.

Section 2: Outcomes and outputs information

OUTCOMES AND OUTPUT GROUPS

AFP resources are focused on achieving the following outcomes agreed by the Government.

Outcome 1: national/international focus

The investigation and prevention of crime against the Commonwealth and protection of Commonwealth interests in Australia and overseas, and

Outcome 2: ACT community policing focus

Policing activity creates a safe and secure environment in the ACT.

The following section provides a departmental overview, and then each outcome is discussed in turn. Map 2.1 shows the relationship between the outcomes and outputs.

OUTCOME 1 — THE INVESTIGATION AND PREVENTION OF CRIME AGAINST THE COMMONWEALTH AND PROTECTION OF COMMONWEALTH INTERESTS IN AUSTRALIA AND OVERSEAS

Section 37 (2) of the *Australian Federal Police Act 1979* empowers the Minister for Justice and Customs to direct general policy to be pursued by the AFP in performing its functions. The current focus of AFP activity is:

- countering and otherwise investigating acts of terrorism, illicit drugs trafficking, organised crime, serious fraud against the Commonwealth, money laundering and the interception of assets involved in, or derived from, those activities
- providing counter-terrorist security capacity, including close personal protection and security intelligence
- investigating special references and performing special taskings from the Government
- providing an effective contribution to the implementation of the Government's Tough on Drugs strategy

- continuing to develop a capacity to deal with new forms of criminal activity requiring special attention to be directed to the investigation of economic crime, in all its forms, transnational crime and crime involving information technology and communications (including electronic commerce)
- countering and otherwise investigating organised people smuggling
- providing an effective contribution to the whole-of-government approach to unauthorised arrivals
- providing guarding and security services for some diplomatic and consular missions, parliamentary offices, and designated Government establishments
- providing counter terrorism first-response (CTFR) capability in relation to the aviation industry, and
- deterring attempts to disrupt Australia's in-flight passenger safety through the Air Security Officer (ASO) Programme.

The AFP strives to achieve mutual cooperation in its international liaison role. Acceptance of such cooperation in the South East Asia region has proved critical with the current focus on the combat of transnational crime including terrorism. The role the AFP played in investigation and provision of technical support services to the Bali bombing investigation has enhanced the standing of the AFP, not only in the immediate region, but also globally.

The AFP also continues to make a significant contribution across Melanesia and the Pacific region to the improvement of law enforcement capability and cooperation in relation to regional security and transnational crime. It also services the Government's commitment to ongoing peace monitoring in Cyprus and has police officers deployed to the United Nations Mission In Support of East Timor (UNMISET) operation.

Since July 2003, the AFP has contributed significant resources, in a whole of government framework, to restore law and order in the Solomon Islands through the Regional Assistance Mission (RAMSI). Having restored the rule of law within the first 12 months, the AFP (in partnership with New Zealand Police and other Pacific Island countries) has now begun the process of sustainable capacity building within the Royal Solomon Islands Police (RSIP). The AFP is also part of Government's ongoing negotiations with the Government of Papua New Guinea aimed at the delivery of an Enhanced Cooperation Package. When implemented, the package will mean a phased deployment of up to 230 Australian police to address law and order issues and begin sustainable capacity building initiatives with the Royal Papua New Guinea Constabulary.

Service provision under the *Australian Protective Service Act 1987* is largely delivered on a user-pays basis and subject to contractual arrangements with client bodies requiring guarding and security services. Since the events of September 2001, service delivery has been expanded to include a range of activities specific to the security of Australia's aviation passenger industry.

The AFP provides support on behalf of the Commonwealth for the following Australian common police services:

- the Australasian Centre for Policing Research, and
- the Australian Institute of Police Management.

The operations of the Australian Bureau of Criminal Intelligence were funded from within the AFP appropriation until 1 January 2003 when that organisation was transferred to the Australian Crime Commission.

Outcome 2 - Policing activity creates a safe and secure environment in the ACT

An inter-government policing arrangement of March 2000 commits the AFP to provision of community policing services to the ACT Government until 2005. Cost-recovery service provision is subject to Purchase Agreement arrangements negotiated annually between the ACT Government and the AFP. Performance measures agreed with the ACT Government are incorporated in that annual Purchase Agreement.

Output cost attribution

The Police Real-time On-line Management Information System (PROMIS) time recording system captures data by case and accumulates that by incident type and, subsequently, to output level. Corporate overhead and support costs are then apportioned to each output in relation to the time spent on the categorised operational activity, i.e. costs are aggregated to total price of the associated outputs.

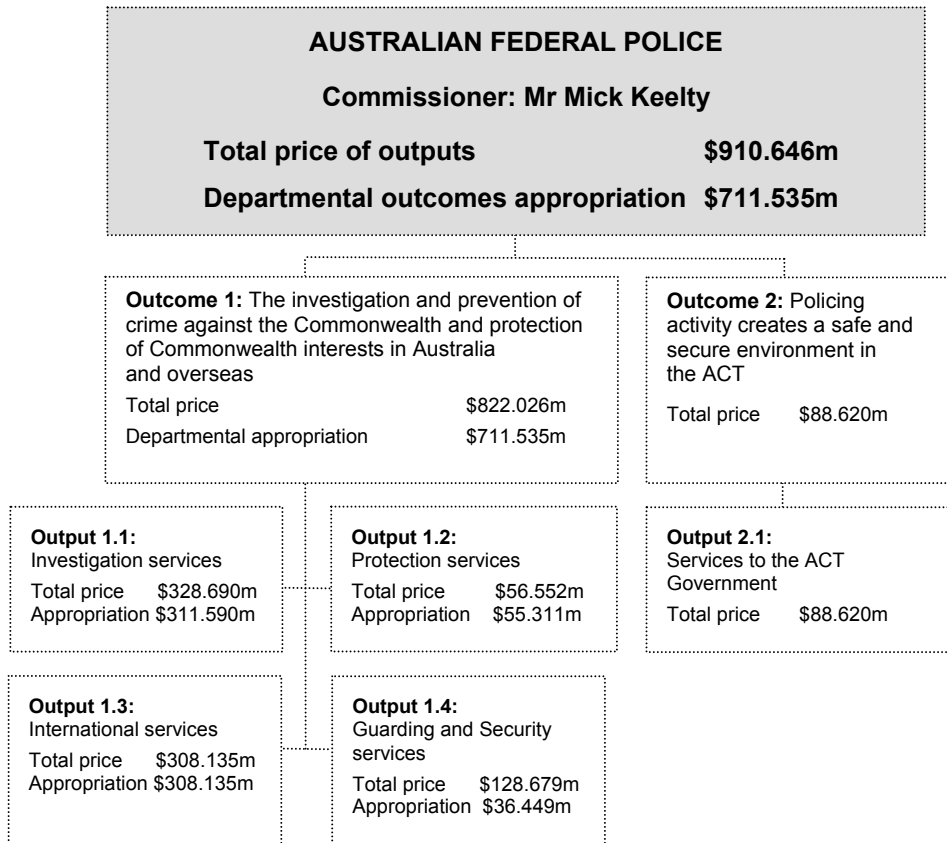
CHANGES TO OUTCOMES AND OUTPUTS

Changes to the AFP's organisational management structure and the creation of the International Deployment Group (IDG) have provided an opportunity to refine the current AFP output structure. The AFP currently has 4 outputs listed under Outcome One - *'The investigation and prevention of crime against the Commonwealth and protection of Commonwealth interests in Australia and overseas'*

- Output 1.1 - Investigation Services
- Output 1.2 - Protection Services
- Output 1.3 - International Services, and
- Output 1.4 - Guarding and Security Services

The AFP is proposing to make minor amendments to allocated output budgets to better align outputs with changes in the organisational structure and the creation of the IDG. These changes will not result in a change to the above 4 outputs, but will relocate the activities of the Overseas Liaison Officer Network from output 1.3 to 1.1. These activities are consistent with the outputs delivered by output 1.1, although generated through international networks rather than domestically. Activities performed in the Solomon Islands by the APS will transfer from 1.4 to 1.3. These amendments will focus output 1.3 solely on the activities associated with the International Deployment Group.

Outcomes and Outputs Map



OUTCOME 1 - THE INVESTIGATION AND PREVENTION OF CRIME AGAINST THE COMMONWEALTH AND PROTECTION OF COMMONWEALTH INTERESTS IN AUSTRALIA AND OVERSEAS

Measures affecting outcome 1

Solomon Islands – Regional Assistance Mission

The Government will provide \$165.1m in 2004-05 for its continuing programme of assisting the Solomon Islands Government in the restoration of law and order and to support broad ranging reforms in the Solomon Islands. These reforms are aimed at strengthening legal and economic institutions and re-building the Solomon Islands' economy to underpin improved standards of living.

Australia's commitment includes contributions from the Australian Agency for International Development, the Department of Foreign Affairs and Trade and the Australian Federal Police. Personnel from the Department of Finance and Administration and the Treasury have also been deployed to assist in budget stabilisation and the economic recovery of the Solomon Islands. These personnel have

been funded through Australian Agency for International Development for these activities.

The AFP, including the Australian Protective Service (APS), will receive \$100.346m in 2004–05, (\$93.746m for operating expenses and \$6.6m for depreciation) for the consolidation phase of RAMSI. Work will then continue to introduce sustainability and self reliance to law enforcement institutions across the country, giving particular attention to rebuilding the capacity of the Royal Solomon Islands Police.

Solomon Islands – health services for Australian personnel

The Government will provide \$24.0m over eighteen months for the costs of a commercial contract to provide health services to Australian officials and police participating in the Regional Assistance Mission to the Solomon Islands. A commercial contract has been negotiated to replace the health services provided by the Australian Defence Force that will be withdrawn from the Solomon Islands in early 2004–05.

Investing in Australia’s Security – rapid deployment capability

The Government will provide \$36.8m (including \$3.4m capital funding) over four years to enable the Australian Federal Police to enhance its capacity to respond to terrorist attacks in the region and to assist in strengthening the counter-terrorism capabilities of regional law enforcement partners.

The counter-terrorism rapid response capability will allow the Australian Federal Police to respond to requests from regional police authorities for assistance with post-incident investigation and pre-emptive operations. It will involve professional investigation capacity with forensic intelligence, communication, technical and financial investigative expertise. The capital component is for the purchase of communications and forensic equipment.

Investing in Australia’s Security – Jakarta Centre for Law Enforcement Cooperation

The Government will provide \$36.8m (including capital funding of \$3.8m) over five years to support the Jakarta Centre for Law Enforcement Cooperation. This includes funding of \$7.2m in 2008–09 (including a capital component of \$0.5m). The funding to the Australian Federal Police also allows for resources and services to be provided by the Attorney-General’s Department, Australian Security Intelligence Organisation and Australian Transaction Reports and Analysis Centre.

East Timor – support to the United Nations mission

The Government will provide \$26.7m over two years – \$6.5m to the AFP in 2004–05 – to fund an expected extension of the Australian Defence Force and Australian Federal Police contribution to the United Nations mission in East Timor. This funding will cover operational costs as well as the repatriation and remediation of Defence equipment.

Australian Federal Police – continued presence and support in Melanesia

The Government will provide funding of \$20.3m over four years to the Australian Federal Police (AFP) to continue work with Pacific law enforcement agencies to tackle transnational crime before it reaches Australia. The programme currently funds eight AFP officers in Suva, Port Vila, Honiara, Port Moresby and Canberra to undertake a range of law enforcement liaison, cooperation and training activities.

The Government will also provide funding of \$1.2m over four years to the Australian Security Intelligence Organisation to continue to provide counter-terrorism training and advice to Melanesia.

Australian Federal Police – continued funding for people smuggling strike team

The Government will provide \$17.4m over four years for the continuation of a strike team made up of officers from the Australian Federal Police and the Department of Immigration and Multicultural and Indigenous Affairs. The strike team aims to detect, dismantle and disrupt organised people smuggling syndicates operating onshore and offshore.

Investing in Australia’s Security – Air Security Officer Programme

The Government will provide additional funding of \$15.7m over four years to the Australian Federal Police to allow expansion of the Air Security Officer Programme to priority international destinations based on intelligence and risk assessments.

Surveillance – enhanced capabilities and oversight

The Government will provide \$17.2m over four years – \$7.8m to the AFP – to modernise and expand the surveillance capabilities of Australian Government agencies. This will help law enforcement agencies to detect and successfully prosecute a range of national and transnational criminal activity including drug trafficking, terrorism, paedophilia and people smuggling. Additional resourcing will enable:

- the Administrative Appeals Tribunal to handle workload increases in issuing warrants authorising surveillance
- the Australian Federal Police and the Australian Crime Commission to acquire additional surveillance expertise and equipment, and
- the Office of the Commonwealth Ombudsman to inspect records held by other agencies and to ensure their compliance with relevant legislation.

Funding is conditional on the passage of the Surveillance Devices Bill, which will enable law enforcement agencies to make use of modern surveillance equipment including hidden microphones, cameras and homing devices.

Melbourne 2006 Commonwealth Games – contribution

The Government will provide a cross-portfolio package of assistance totalling \$272.5m over four years from 2003–04 to 2006–07 to contribute to the staging of the Melbourne Commonwealth Games (M2006) to be held from 15–26 March 2006.

Funding for the AFP under this package is \$2.0m over two years 2004–05 to 2005–06.

Other variations to outcome 1

2004–05 Comcover Premium supplementation

The Government has agreed to fully supplement budget funded agencies for increases in Comcover premium rates for 2004–05. As a result of this decision the AFP has received a \$1.007m increase in 2004–05, the same amount as received in 2003–04.

OUTCOME 1 — RESOURCING

Table 2.1.1 shows how the 2004–05 Budget appropriations translate to total resourcing for Outcome 1, including revenue from Government (appropriation), revenue from other sources, and the total price of outputs. It provides the break up of funding sources for outputs, ie the next level of detail down from the picture provided at overall Outcome level at Table 1.1

Table 2.1.1: Total resources for Outcome 1 (\$'000)

	Estimated actual 2003–04 \$'000	Budget estimate 2004–05 \$'000
DEPARTMENTAL APPROPRIATIONS		
Output 1.1 - Investigation Services	249,496	311,590
Output 1.2 - Protection Services	65,597	55,311
Output 1.3 - International Services	190,738	308,135
Output 1.4 - Guarding and Security Services	51,840	36,499
Total revenue from government (appropriations) contributing to price of departmental outputs	557,671	711,535
REVENUE FROM OTHER SOURCES		
Output 1.1 - Investigation Services	12,574	17,100
Output 1.2 - Protection Services	3,639	1,211
Output 1.3 - International Services	3,105	-
Output 1.4 - Guarding and Security Services	93,839	92,180
Total revenue from other sources	113,157	110,491
PRICE OF DEPARTMENTAL OUTPUTS		
Output 1.1 - Investigation Services	262,070	328,690
Output 1.2 - Protection Services	69,236	56,522
Output 1.3 - International Services	193,843	308,155
Output 1.4 - Guarding and Security Services	145,679	128,679
Total price from departmental outputs (Total revenue from government and from other sources)	670,828	822,026
from Special Accounts (estimated payments from Special Account balances)		
Australian Protective Service (s20 FMA Act)	154,945	171,390
Comcare (SRC Act 1998)	1,939	2,493
AFP Official MPR and Warrants Trust Account (s20 FMA Act)	107	101
AFP Official Exhibits and Seized Moneys Trust Account (s20 FMA Act)	1,064	1,135
Total Departmental Special Account outflows	158,055	175,119
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	670,828	822,026
Average Staffing Level	3,965	4,081

Note. Flows into Special Accounts are also shown in the receipts column of the Special Accounts table in Table 1.5

OUTCOME 1 — CONTRIBUTION OF OUTPUTS

There are four outputs under this Outcome:

- Output 1.1 - Investigation Services
- Output 1.2 - Protection Services
- Output 1.3 - International Services, and
- Output 1.4 - Guarding and Security Services.

Output 1.1 – Investigation Services

The AFP provides the Commonwealth with a flexible, responsive investigative capacity across a large range of Commonwealth interests. This output is delivered through the enforcement of a range of Commonwealth laws, protection of the integrity of Commonwealth programs, contribution to international efforts to counteract and prevent criminal activities impacting on Commonwealth law, and protection of the integrity of national economic and social institutions and the environment. The Australasian Centre for Policing Research and Australian Institute of Police Management assist in delivery of services under this output.

Objectives of this output are to:

- enforce Commonwealth laws and protect the integrity of Commonwealth programs
- effectively contribute to international efforts to counteract and prevent criminal activities of major concern to the Government
- protect the integrity of national economic and social institutions and the environment
- ensure there is a national response where criminal activity impinges on national security and/or is of a trans-jurisdictional character, and
- provide policing services to Australia's external territories.

The AFP has several national functions under this output that address a broad range of operational activities in the areas of counter terrorism, border and international network, and economic and special operations. These operational activities are complimented by the intelligence function which provides an integrated range of supporting services. As part of a comprehensive business planning framework each function is required to develop strategies and business plans which identify and prioritise their individual range of activities and resource requirements. The AFP's national functions and planning cycle ensures that a disciplined corporate approach provides for closely integrated intelligence, operational activity and policy development.

As well as the usual law enforcement methods of investigation, arrest and prosecution, the AFP employs other strategies to deter and disrupt criminal groups. These include partnership arrangements with other agencies in Australia and overseas, administrative and legal reform, and recovery of the proceeds of crime.

Countering terrorism will continue to be the major security issue for Australia, with the AFP playing a vital role in maintaining a secure environment for the Australian people. In delivering its services, the AFP continues to maximise its investigative resources by expanding and strengthening cooperative arrangements with domestic and international law enforcement and related agencies. For example, the Joint Australia-Indonesia Police Investigative Team, which continues to investigate the Bali bombings, built directly on the close working relationship between the AFP and the Indonesia National Police. This relationship was augmented by the June 2002 Memorandum of Understanding (MoU) between Indonesia and Australia on combating transnational crime and developing police cooperation. In June 2003 a similar MoU was signed with the Royal Thai Police with further MoUs being signed with law enforcement agencies in the Philippines and Columbia in July 2003. In-principle agreement has also been reached with Malaysia and Singapore to establish MoUs that will enable joint investigations and the exchange of information on transnational crime issues.

The AFP's international network continues to support such international agreements through its intelligence gathering and information sharing activities. Globalisation of the criminal environment necessitates a high level of operational integration and collaboration with overseas law enforcement agencies. The AFP has established a network of strategically deployed officers located in several countries throughout the world. That pro-active capacity enhances our ability to combat the increasing complexity and sophistication of transnational criminal activity, including terrorism. The recent placement of AFP liaison officers in locations such as London, Washington and Kuala Lumpur to focus on counter-terrorism will further enhance cooperative working relationships with counter terrorism units located in those countries.

Within Australia, partnership arrangements include joint investigation teams, such as the Joint Counter Terrorism Investigation Teams established with State and Territory police services and the creation of the Australian Hi-Tech Crime Centre (AHTCC), which was agreed to by the Australasian Police Ministers' Council in November 2002. Staff for the AHTCC are drawn from the AFP, state and territory police services, and other Commonwealth and non-government agencies with a role in Internet regulation, intelligence agencies, the banking industry etc. The AHTCC will focus on hi-tech offences including those relating to Internet banking, investment scams, child exploitation and pornography, intellectual property, hacking and denial of service.

Advances in technology and communications have enabled globalisation and deregulation of markets and commerce, greater international and regional inter-dependencies, and more rapid movement of people, capital, information and goods. Globalisation has significantly expanded the levels of sophisticated illegal activity and

facilitated closer interaction between organised criminal groups from different locations. Whilst these groups are largely involved in illicit drug trafficking and people smuggling, they are also involved in serious crimes such as money laundering. This alone amounts to a significant impact on the world's gross domestic product, and the economies and security of both established and emerging nations. This environment necessitates a higher level of operational integration and cooperation with overseas law enforcement agencies.

The AFP's capacity to attack the financial base of crime by identifying, restraining and recovering the proceeds of crime has been significantly enhanced by the passage of the *Proceeds of Crime Act 2002*. Under the Act, a conviction is no longer required to confiscate the assets of a suspected criminal. The legislation gives the courts the power to freeze the assets of a person who, on the 'balance of probabilities' has engaged in serious criminal activity in the previous six years. The forfeiture regime applies to profits from Commonwealth offences such as drug trafficking, money laundering and people smuggling.

To ensure an optimal and consistent whole-of-government response to investigations, the AFP assists other agencies to develop a capacity for dealing with those matters that fall within their responsibility. It does this through means such as out-posting and secondment of federal agents, the provision of training for investigators, assistance with the execution of search warrants and other specialist services. Service agreements are in place with a number of agencies, which provide access to strategically targeted investigations into routine matters as part of a criminal law deterrent effect. The out-posting policy, combined with application of the AFP's Case Categorisation and Prioritisation Model (CCPM) ensures that AFP resources are most effectively directed to high impact investigations and other matters that genuinely fall within the AFP's charter. The CCPM is continually evaluated and updated to reflect the dynamic law enforcement environment and was specifically revised in July 2002 to incorporate clients' perceptions of the importance of matters being referred to the AFP for possible investigation.

The AFP is also responsible for undertaking family law investigations to locate people for the purpose of executing recovery orders, warrants, restraining orders or to service other processes resulting from Family Court proceedings.

The Australian Bomb Data Centre operated by the AFP provides technical advice and intelligence to partner agencies and stakeholders and continues to develop closer cooperation of state and territory police services and international agencies.

In partnership with other government agencies, community groups and businesses, the AFP provides community policing services in the Commonwealth territories of the Cocos (Keeling) Islands, Christmas Island, Jervis Bay, and Norfolk Island. Service delivery arrangements make provision for community policing services, including the maintenance of peace and good order, the protection of people and property, and the investigation and prevention of crime.

The AFP, in an arrangement with the Department of Transport and Regional Services, also has responsibility for regulatory functions in the Cocos (Keeling) Islands. These regulatory functions include immigration, customs, quarantine and motor vehicle registry.

Supporting Law Enforcement Agencies

The Australasian Centre for Policing Research fosters, coordinates and sponsors applied research on law enforcement and policing issues on behalf of all Australian law enforcement and police agencies. The Australian Institute of Police Management's role is to conduct educational programs to develop and improve the performance of law enforcement executives and managers and to contribute to the corporate effectiveness of Australasian law enforcement organisations.

Output 1.2 - Protection Services

The objectives of this output are to ensure that individuals and interests identified as at risk by the Commonwealth are kept safe and their dignity preserved.

Activities undertaken to achieve this objective include:

- provision of close personal protection to Australian high office holders, internationally protected persons, members of the diplomatic community and visiting overseas dignitaries assessed as being at threat
- collection, analysis, evaluation and dissemination of security intelligence for the development of threat assessments, reports and briefings on possible acts of politically-motivated violence, or other activities that may pose a threat to the safety or cause actual or perceived loss of dignity to Australian or overseas high office holders
- administration of the national Witness Protection Program, providing a safe and secure environment to participants of the program who are able to give evidence in criminal trials relating to organized crime such as large-scale importation of illegal drugs and corruption which involve a significant degree of criminality at both the Commonwealth and State level, and
- planning and coordination with strategic partners for special events that are of a national interest.

The certification of trained Close Personal Protection (CPP) team members at an approved national standard places the AFP as the recognised leader within the law enforcement community in close personal protection. Maintenance of skilled CPP capacity enables the AFP to respond promptly to client needs and to meet demands associated with major national events and high profile visits by Internationally Protected Persons.

In delivering CPP services the AFP maintains close liaison with partner agencies at the State/Commonwealth level in order that a uniform approach is adopted and maintained in the delivery of services. Close interaction with partners and stakeholders allows the AFP to optimise its obligation of protecting the Commonwealth interest.

The protective security intelligence program is primarily directed at protecting Commonwealth interests. Regular contact with the diplomatic and consular community is maintained across Australia in order to provide a coordinated response to clients and stakeholders.

AFP services under the sensitive national Witness Protection Program are enhanced by specialised training tailored to the specific requirements of this unique area of policing activity. Emerging technology is utilised to review work practices and ensure that contemporary methodologies are developed and adopted in service delivery.

Developments in information technology and enhancement of the AFP's primary business management and reporting system enable the AFP to apply 'real time' event monitoring that facilitates output service delivery for major events and CPP activity.

The AFP's protection services provide an essential element of the Commonwealth's national crisis management arrangements under the National Counter-Terrorist Plan.

Output 1.3 - International Services

The AFP supports the Government's international responsibilities through the provision of a range of law enforcement services. This output also strongly supports the objectives of Output 1.1 - Investigation Services.

The objectives of this output are to:

- facilitate an effective AFP contribution and response to international law enforcement efforts, and
- provide an effective contribution to Australia's commitments to international peace operations, regional security and capacity building missions .

AFP activities include:

- contribution to Australia's commitments to international peace operations, regional security and capacity building missions, and
- international collaboration through programs funded by the Law Enforcement Cooperation Program (LECP).

An unstable civil, political and economic environment exists to varying degrees in some of Australia's near neighbours. Such an environment fosters opportunities for the escalation of transnational criminal activity that has a direct impact on Australia,

eg illicit drugs, people smuggling, money laundering, and more recently, a potential for terrorist activity. There is no indication that this unsettled environment will improve or the occurrence of related criminal activity will abate given the present vulnerabilities of those nations.

The AFP is increasingly called upon to assist neighbouring law enforcement agencies with institutional strengthening to enhance their capacity to address transnational crime.

The AFP provides police officers to assist the United Nations Mission in Support of East Timor (UNMISET). AFP officers have been deployed to Timor Leste (formerly East Timor) since September 1999. Their primary objectives are to provide and maintain law and order in Timor Leste along with the important task of assisting in the development of the local police service. Australia has also had an ongoing commitment to UN peace operations in Cyprus since 1964. The AFP meets that commitment by maintaining a contingent of police responsible for maintaining law and order within the buffer zone that divides the Greek and Turkish Cypriot communities, monitors and investigates human rights violations, and provides a non-military response option to the UN Commander.

As part of a whole of government response the AFP (including the APS) provides over 196 officers in support of RAMSI. Since July 2003 the mission has removed over 3,700 firearms from the community and re-established the rule of law throughout the country. Prominent key militants and their followers are being progressively brought to justice for serious crime, including murder. The AFP now enters a new long term phase of law enforcement capacity building with the RSIP and tackling corruption.

The AFP is also part of Government's ongoing negotiations with the Government of Papua New Guinea aimed at the delivery of an Enhanced Cooperation Package. When implemented the package will mean a phased deployment of up to 230 Australian police to address law and order issues and begin sustainable capacity building initiatives for the Royal Papua New Guinea Constabulary.

The LECF provides capacity for the AFP to undertake a broad range of operational projects and training with partner agencies delivering a wide range of benefits including:

- institutional strengthening and capacity building for overseas law enforcement partners
- establishing a dialogue about issues of common concern with law enforcement agencies in regions where criminal threats to Australia originate
- developing intelligence and investigational skills within relevant law enforcement agencies globally

- promoting the flow and exchange of information and intelligence between these overseas law enforcement agencies and Australia
- developing the capacity and willingness in those agencies to engage in collaborative investigations with the AFP and its partner agencies
- improving the ability to combat transnational crime threats to Australia by disrupting and dismantling such activities in source and transit countries, and
- enhancing support of Output 1.1 Investigation Services and, particularly more recently, to the countering of terrorist activity against the national security of the Commonwealth's interests in Australia and overseas.

Output 1.4 - Guarding and Security Services

Guarding and security services are delivered in accordance with provisions of the *Australian Protective Service Act 1987*.

The objectives of this output are to:

- provide a range of user-pays guarding and related security services consistent with the Government's interests and
- provide a first-response and deterrent role to potential terrorist acts against Australia's passenger aviation industry.

Activities undertaken to achieve this objective include:

- provision of a counter-terrorist first-response role at major airports, including enhanced Explosives Detection Canine capacity
- deterrence of any attempt to disrupt Australia's in-flight passenger safety through the Air Security Officer (ASO) Programme
- provision of protection to diplomatic and consular missions that is consistent with the level of assessed risk in order to meet the Government's responsibility under international law
- provision of guarding services at premises considered by Government to be at risk, including three overseas Australian Missions
- provision of operational support for AFP national and international operations, and
- provision of guarding services at one overseas immigration processing centre.

With the exception of the ASO Programme (which is fully budget funded) and CTFR at Airports (which is partially budget funded) all remaining activities are delivered on user-pays basis.

Associated functions available under the user-pays regime include:

- specialist services, eg security risk management reviews, personnel security vetting, security escorts, security/ alarm system monitoring, and
- training services, eg personnel safety, bomb threat management.

PERFORMANCE INFORMATION FOR OUTCOME 1

Outcome Measurement

Outcome 1 - The investigation and prevention of crime against the Commonwealth and the protection of Commonwealth interests in Australia and overseas.

Main priorities for the outcome are:

- cooperation and collaboration with law enforcement partners in the fight against transnational crime and to counter-terrorism
- focusing a high proportion of resources on investigations assessed as having a high or very high impact
- supply reduction initiatives associated with the *Tough on Drugs* Strategy
- investigation of organised crime behind people smuggling
- meeting peacekeeping operations commitments in Cyprus, Timor Leste and law enforcement capacity building missions in Melanesia, including the Solomon Islands
- provision of guarding and security services consistent with the Government's interests, including a counter-terrorism first-response capability in relation to aviation industry, and
- Provision of the Air Security Officer (ASO) Programme.

Outcome 1 is measured through three key performance indicators:

- disruptive effects of AFP operations on the criminal environment nationally and internationally
- level of client satisfaction with AFP service provision, and
- cost effectiveness of AFP service delivery results.

Output Measurement

Output 1.1 - Investigation Services

The objectives of Output 1.1 Investigation Services are to:

- enforce Commonwealth laws and protect the integrity of Commonwealth programs
- effectively contribute to international efforts to counteract and prevent criminal activities of major concern to Government
- protect the integrity of national economic and social institutions and the environment
- ensure there is a national response where criminal activity impinges on national security and/or is of a trans-jurisdictional character, and
- provide community policing services to the Commonwealth's external territories.

The output is measured through:

- disruptive effect of AFP investigations on the criminal environment
- client satisfaction with AFP investigations, and
- the level of financial performance of the AFP in delivering cost effective results.

Performance measures of the disruptive effect of AFP operations cover a wide range of activities and include; targeting of case acceptance with a focus on high and very high impact cases, seizure volumes of illicit drugs in Australia and overseas, the number and size of fraud cases, the overall number of apprehensions, and the proportion of all cases proceeding to Court. Client satisfaction is assessed by an independent survey conducted on a regular basis. The cost effectiveness of service delivery is measured through financial analysis and benchmarking.

The AFP is currently developing a range of new performance measures, particularly relating to its preventative efforts countering the threat of terrorism.

Output 1.2 – Protection Services

The objectives of Output 1.2 Protection Services are to ensure that individuals and interests identified as at risk by the Commonwealth are kept safe and their dignity preserved.

The output is measured through:

- prevention of avoidable incidents
- the level of client satisfaction with AFP protection services, and

- cost effectiveness of service delivery.

The prevention of avoidable incidents is indicated by the relationship between the numbers of official movements as measured against the number of potential incidents. Client satisfaction is assessed through independent surveys conducted on a regular basis. The cost effectiveness of service delivery is measured through financial analysis and benchmarking.

Output 1.3 – International Services

The objectives of Output 1.3 International Services are to:

- facilitate an effective AFP contribution and response to international law enforcement efforts, and
- provide an effective contribution to Australia's international peace keeping/monitoring commitments and regional security to enhance the efforts to develop a safer domestic environment.

The output is measured through:

- extent to which Commonwealth international obligations are met
- client satisfaction with AFP international services, and
- cost effectiveness of service delivery.

Performance measures of the extent to which Commonwealth international obligations are met include internationally agreed indicators of Interpol activities and the results of overseas operations. Client satisfaction is measured through official assessments made by the United Nations and by an evaluation process involving strategic partnership agencies. The cost effectiveness of service delivery is measured through financial analysis and benchmarking.

Output 1.4 – Guarding and Security Services

The objectives of Output 1.4 Guarding and Security Services are to:

- provide a range of user-pays guarding and related security services consistent with the Government's interests, and
- provide a first-response and deterrent role to potential terrorist acts against Australia's passenger aviation industry.

The output is measured through:

- volume of contracted user-pays guarding and security service commitments, and the prevention of attempts to disrupt the safety of Australia's aviation passenger industry

- satisfaction of clients and stakeholders with service provision, and
- cost effectiveness of service delivery.

Performance measures addressing user-pays guarding and security business cover a range of activities and address the achievement of targets in the annual APS business plan, including the retention of existing clients and achievement of new business. In addition, aviation security service performance is measured by the prevention of any incidents designed to disrupt air passenger safety. Client satisfaction is assessed through independent annual conduct of a client survey and, in relation to aviation passenger safety, a stakeholder survey. The cost effectiveness of service delivery is measured through financial analysis and, in relation to user-pays services, provision of a satisfactory annual rate of return to Government.

PERFORMANCE INFORMATION FOR OUTCOME 1

Table 2.2.1 provides information on the strategies chosen to deliver outcome 1, and shows the links between the outputs and the outcome.

Table 2.2.1 Performance information for outcome 1

Performance information for departmental outputs	
<i>Output description</i>	<i>Performance measure</i>
Outcome 1: The investigation and prevention of crime against the Commonwealth and protection of Commonwealth interests in Australia and overseas	<p><i>Price:</i> \$ 822.026</p> <p><i>Quality:</i> Disruptive effect of AFP operations on the criminal environment nationally and internationally. Client satisfaction with AFP services</p> <p><i>Quantity:</i> Number of cases</p> <p><i>Target:</i> 65% of available resources employed in High/Very High Impact cases</p>
Output 1.1: Investigation Services	<p><i>Price:</i> \$ 328.690m</p> <p><i>Quality:</i> Disruptive effect of AFP investigations on the criminal environment. Client satisfaction with AFP investigations</p> <p><i>Quantity:</i> Number of criminal investigations</p> <p><i>Target:</i> 65% of available resources employed in High/Very High Impact cases</p>
Output 1.2: Protection Services	<p><i>Price:</i> \$ 56.522m</p> <p><i>Quality:</i> Prevention of avoidable incidents. Client satisfaction with protection services</p> <p><i>Quantity:</i> The number of protection services</p> <p><i>Target:</i> 70% of available resources employed in High/Very High Impact cases</p>

Table 2.2.1 Performance information for outcome 1

Performance information for departmental outputs	
<i>Output description</i>	<i>Performance measure</i>
Output 1.3: International Services	<p><i>Price:</i> \$ 308.155m</p> <p><i>Quality:</i> Extent to which Commonwealth international obligations are met. Client satisfaction with international services</p> <p><i>Quantity:</i> Number of international services</p> <p><i>Target:</i> 65% of available resources employed in High/Very High Impact cases</p>
Output 1.4: Guarding and Security Services	<p><i>Price:</i> \$ 128.679m</p> <p><i>Quality:</i> Prevented attempts to disrupt the safety of Australia's aviation passenger industry and client and stakeholder satisfaction</p> <p><i>Quantity:</i> Volume of contracted security and related specialist services</p> <p><i>Target:</i> Retention and growth of contracted security and related specialist services business; and Improved confidence (from base to be established following 11 September 2001) in the safety of Australia's aviation passenger industry</p>

EVALUATIONS

In determining the resources to be applied to each service, thereby determining the price, the AFP utilises a variety of tools across all outputs. These include:

- Business Planning, including regular Business Activity Analysis (BAA) of operations
- Crime Management Strategies
- the Case Categorisation and Prioritisation Model (CCPM)
- Service Targets and Client Satisfaction Surveys, and
- the Performance Improvement Cycle.

Where practical and appropriate, components of service delivery under the various outputs are also benchmarked annually against international organisations and OECD countries.

OUTCOME 2 — POLICING ACTIVITY CREATES A SAFE AND SECURE ENVIRONMENT IN THE ACT

PERFORMANCE INFORMATION FOR OUTCOME 2

The AFP contributes to the achievement of this outcome by ensuring public order and community confidence for residents of the ACT. Services provided include investigations, road safety, traffic enforcement, prosecution and judicial support and the provision of information services. Performance is addressed through the AFP reporting to the ACT Government on the progressive monitoring of service delivery against performance targets defined in the annual Purchase Agreement.

Table 2.1.2: Total resources for Outcome 2 (\$'000)

	Estimated Actual 2003–04 \$'000	Budget Estimate 2004–05 \$'000
DEPARTMENTAL APPROPRIATIONS		
Output 2.1 - Services to the ACT Government	-	-
Total revenue from government (appropriations) contributing to price of departmental outputs	-	-
REVENUE FROM OTHER SOURCES		
Output 2.1 - Services to the ACT Government	84,879	88,620
Total revenue from other sources	84,879	88,620
PRICE OF DEPARTMENTAL OUTPUTS		
Output 2.1 - Services to the ACT Government	84,879	88,620
Total price from departmental outputs (Total revenue from government and from other sources)	84,879	88,620
Total estimated resourcing for Outcome 2 (Total price of outputs and administered appropriations)	84,879	88,620
Average Staffing Level	769	776

Output Measurement

Output 2.1 – Services to the ACT Government

The primary aim of Output 2 is the provision of community policing services to the ACT Government.

The objectives of this Output are defined in annually negotiated purchase agreements for the provision of police services established under a five year agreement between

the AFP and the ACT Government provided for under Section 8 of the *Australian Federal Police Act 1979*. Services delivered in accordance with purchase agreements with the ACT Government generally cover Crime and Safety Management, Traffic Law Enforcement, Prosecution and Judicial Support, and Crime Prevention. These services are provided on a contract basis and can be varied in consultation with the ACT Government.

The five year arrangement for the provision of policing services to the ACT Government expires in 2005 and is currently the subject of renegotiation.

MEASURES AFFECTING OUTCOME 2

As Outcome 2 relates directly to the purchaser agreement between the AFP and the ACT Government, appropriation measures from the Federal Government do not impact on the outcome.

EVALUATIONS

The provision of community policing services to the ACT Government is subject to annual negotiation by the AFP of a Purchase Agreement with the ACT Government. Service delivery price and performance achievements against measures and associated targets set by the ACT Government are subject to independent audit.

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Statement of Financial Performance

The AFP is budgeting for an operating surplus (after dividends) of \$80.000m in 2003-04. The surplus is mainly attributed to the unspent funds in relation to Australian policing assistance to Papua New Guinea (PNG) and some unspent funds in respect to the Regional Assistance Mission to the Solomon Islands. The surplus also represents retained earnings in relation to 2002-03 Bali expenditure and commercial activity profits of the Australian Protective Service which are subject to competitive neutrality arrangements.

Total revenue for 2004-05 is estimated to be \$910.646m, an increase of \$155.403m from the previously published 2004-05 estimates. The net increase is as a result of:

- Appropriation revenue of \$157.153m resulting from current new measures funding
- a variation to appropriation for 2004-05 Comcover supplementation of \$1.007m
- a reduction in the forecast sale of goods and services from guarding and security provided by the Australian Protective Service of \$2.255m, and
- negative economic parameter adjustments of \$0.502m.

Total expenses for 2004-05 are estimated to be \$957.192m, an increase of \$212.374m from the previously published estimate. The increase is primarily due to additional expenses relating to new measures and variations (\$158.160m), deferred expenses resulting from the 2003-04 PNG funding (\$48.100m) and depreciation (\$6.505)

Statement of Financial Position

The 2003-04 receivables estimate, which varies by \$144.969m from previously published estimates, includes a projected operating surplus of \$80.000m and estimated deferred capital expenditure of \$64.252. In accordance with the Department of Finance and Administration (DoFA) cash management framework these are brought to account as receivables rather than cash at bank.

The estimated value of the AFP's non-financial assets in 2003-04 is \$67.970m lower than the previously published estimates. This is due to an underspend in the 2003-04 Capital program. This expenditure will be deferred to 2004-05.

The AFP's primary liability continues to be accrued employee entitlements (\$90.599m in 2004-05). The 'Salary and wages' component of this liability is expected to decrease as a result of 27 pays this financial year.

The AFP's budgeted 2004-05 equity position of \$169.968m represents a decrease of \$37.547 from the 2003-04 estimate. The decrease is largely attributable to the estimated 2004-05 operating loss relating to PNG funding (\$48.100m) and \$10.553m in capital injection funding.

Total assets are expected to increase from \$297.721m in 2004-05 to \$327.151m in 2007-08. This increase is predominantly due to a \$17.567m equity injection in 2005-06 for purchases of non-financial assets associated with the PNG deployment. Total liabilities remain stable for the same period (from \$127.753m in 2004-05 to \$136.873m in 2007-08).

Table 3.1: Budgeted Departmental Statement of Financial Performance for the period ended 30 June

		Estimated Actual 2003-04	Budget Estimate 2004-05	Forward Estimate 2005-06	Forward Estimate 2006-07	Forward Estimate 2007-08
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE						
Revenues from ordinary activities						
Revenues from government	1	557,671	711,535	593,167	584,912	588,827
Goods and services		205,020	198,800	203,411	208,192	210,675
Revenue from sales and assets		13	13	13	13	13
Other	2	298	298	298	298	298
Total		763,002	910,646	796,889	793,415	799,813
EXPENSE						
Expenses from ordinary activities (excluding borrowing costs expense)						
Employees		423,333	456,682	463,620	470,860	476,773
Suppliers	3	218,248	455,035	285,746	274,017	272,439
Depreciation and amortisation		32,972	39,591	39,812	40,694	42,603
Other	4	5,576	5,884	5,980	6,078	6,181
Expenses from ordinary activities (excluding borrowing costs expense)		680,129	957,192	795,158	791,649	797,996
Borrowing costs expense		-	-	-	-	-
Operating surplus or deficit from ordinary activities		82,873	(46,546)	1,731	1,766	1,817
Income Tax expense		(1,326)	(717)	(799)	(815)	(839)
Net surplus or deficit		81,547	(47,263)	932	951	978
Dividends		(1,547)	(837)	(932)	(951)	(978)
Net surplus or deficit after CUC and dividends	5	80,000	(48,100)	-	-	-

**Table 3.2: Budgeted Departmental Statement of Financial Position
as at 30 June**

		Estimated Actual 2003–04	Budget Estimate 2004–05	Forward Estimate 2005–06	Forward Estimate 2006–07	Forward Estimate 2007–08
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS						
Financial assets						
Cash	6	27,503	31,501	36,375	40,306	44,548
Receivables	7	191,714	76,359	61,494	72,333	84,698
Accrued revenues		35	35	35	35	35
Other		5,996	5,996	5,996	5,996	5,996
Total financial assets		225,248	113,891	103,900	118,670	135,277
Non-financial assets						
Land and buildings		2,625	4,381	4,179	3,977	3,775
Infrastructure, plant and equipment		86,696	148,428	177,237	170,756	165,094
Intangibles		18,797	19,699	19,622	16,925	11,683
Inventories		49	50	50	50	50
Other		11,272	11,272	11,272	11,272	11,272
Total non-financial assets		119,439	183,830	212,360	202,980	191,874
Total assets		344,687	297,721	316,260	321,650	327,151
LIABILITIES						
Provisions						
Employees	8	98,699	90,599	90,505	95,258	100,092
Total provisions		98,699	90,599	90,505	95,258	100,092
Payables						
Suppliers		23,693	23,693	23,693	23,693	23,693
Other		14,780	13,461	13,384	13,221	13,088
Total payables		38,473	37,154	37,077	36,914	36,781
Total liabilities		137,172	127,753	127,582	132,172	136,873
EQUITY						
Parent entity interest						
Contributed equity		184,511	195,064	213,774	214,574	215,374
Reserves		17,256	17,256	17,256	17,256	17,256
Retained surpluses or accumulated deficits		5,748	(42,352)	(42,352)	(42,352)	(42,352)
Total parent entity interest		207,515	169,968	188,678	189,478	190,278
Total equity		344,687	297,721	316,260	321,650	327,151
TOTAL ASSETS AND LIABILITIES BY MATURITY						
Current assets		238,323	125,128	115,137	129,907	146,514
Non-current assets		106,364	172,593	201,123	191,743	180,637
Current liabilities		78,204	66,798	64,561	67,003	69,469
Non-current liabilities		58,968	60,955	63,021	65,169	67,404

Table 3.3: Budgeted Departmental Statement of Cash Flows for the period ended 30 June

		Estimated Actual 2003–04	Budget Estimate 2004–05	Forward Estimate 2005–06	Forward Estimate 2006–07	Forward Estimate 2007–08
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES						
Cash received						
Appropriations for outputs	9	386,979	823,798	604,371	570,300	573,686
Sales of goods and services		215,412	208,876	213,721	218,744	221,353
GST input tax credit		15,315	46,320	25,035	19,919	20,834
Total cash received		617,706	1,078,994	843,127	808,963	815,873
Cash used						
Employees		418,918	460,884	459,738	462,052	467,803
Suppliers		243,955	511,331	321,191	304,488	303,951
Taxes paid		9,580	5,833	4,864	5,036	6,197
Other	10	1,967	1,986	2,004	2,023	2,045
Total cash used		674,420	980,034	787,797	773,599	779,996
Net cash from operating activities		(56,714)	98,960	55,330	35,364	35,877
INVESTING ACTIVITIES						
Cash Received						
Proceeds from sale of property, plant and equipment		13	13	13	13	13
Proceeds from investments		-	-	-	-	-
Total cash received		13	13	13	13	13
Cash used						
Purchase of property, plant and equipment		39,347	103,981	68,342	31,314	31,497
Total cash used		39,347	103,981	68,342	31,314	31,497
Net cash from investing activities		(39,334)	(103,968)	(68,329)	(31,301)	(31,484)
FINANCING ACTIVITIES						
Cash received						
Appropriations – contributed equity	11	56,171	10,553	18,710	800	800
Total cash received		56,171	10,553	18,710	800	800
Cash used						
Capital use and dividends paid		4,321	1,547	837	932	951
Total cash used		4,321	1,547	837	932	951
Net cash from financing activities		51,850	9,006	17,873	(132)	(151)
Net increase (decrease) in cash held		(44,198)	3,998	4,874	3,931	4,242
Cash at the beginning of the reporting period		71,701	27,503	31,501	36,375	40,306
Cash at the end of the reporting period		27,503	31,501	36,375	40,306	44,548

Table 3.4: Departmental Capital Budget Statement for the period ended 30 June

	Estimated Actual 2003–04	Budget Estimate 2004–05	Forward Estimate 2005–06	Forward Estimate 2006–07	Forward Estimate 2007–08
Note	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Equity injections	51,171	10,553	18,710	800	800
Loans	-	-	-	-	-
Represented by					
Purchase of non-financial assets	21,371	40,353	18,710	800	800
Other	12 29,800	(29,800)	-	-	-
Total	51,171	10,553	18,710	800	800
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	21,371	40,353	18,710	800	800
Funded internally by departmental resources	17,976	63,628	49,632	30,514	30,697
Total	39,347	103,981	68,342	31,314	31,497

Table 3.5: Departmental Non-financial Assets — Summary of Movement (Budget year 2004–05)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	222	2,403	-	86,696	-	18,797	-	108,118
Additions	-	1,920	-	96,061	-	6,000	-	103,981
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(164)	-	(34,329)	-	(5,098)	-	(39,591)
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	222	4,159	-	148,428	-	19,699	-	172,508
Total additions								
Self funded	-	-	-	57,628	-	6,000	-	63,628
Appropriations	-	1,920	-	38,433	-	-	-	40,353
Total	-	1,920	-	96,061	-	6,000	-	103,981

NOTES TO THE FINANCIAL STATEMENTS

Budgeted Statement of Financial Performance

1. Revenue from government

The net increase to appropriations revenue in 2004–05 is primarily due to new measures funding for Solomon Islands (\$118.346m), Counter Terrorism initiatives (\$17.287m), Timor Leste (\$6.539m), Melanesia (\$4.957m), Unauthorised Arrivals (\$4.258m), Air Security Officer program (\$3.925m), Electronic Surveillance Devices (\$1.590m) and 2006 Commonwealth Games (\$0.251m). Other movements include additional resourcing for Comcover Premium supplementation (\$1.007m) and a negative parameter indexation adjustment of \$0.502m

2. Other revenue

For 2003–04 and the out years 'Other Revenue' reflects Revenue received free of charge (\$0.298m) for services provided by the Australian National Audit Office (ANAO).

3. Suppliers

The increase in suppliers expense from 2003–04 to 2004–05 primarily reflects additional funding provided for new measures and deferred expenses from 2003–04.

4. Other expenses

This item includes payments for competitive neutrality costs (e.g. Payroll tax equivalent) incurred by the APS (\$3.898m) and payments to the Australian Institute of Police Management and the Australian Centre for Police Research (\$1.986m).

5. Net Surplus (deficit) after dividend

The estimated budget surplus in 2003–04 of \$80.000m is mainly attributed to the unspent funds in relation to Australian policing assistance to Papua New Guinea (PNG) and some unspent funds in respect to the Regional Assistance Mission to the Solomon Islands. The surplus also represents retained earnings in relation to 2002–03 Bali expenditure and commercial activity profits of the Australian Protective Service which are subject to competitive neutrality arrangements.

The subsequent deficit in 2004–05 of \$48.100m is deferred expenditure with respect to the PNG initiative (i.e. 2003–04 appropriation).

Budgeted Departmental Statement of Financial Position

6. Cash

Cash holdings include \$23.501m for the Australian Protective Service and a 'working capital' balance of \$8.000m for the AFP. Cash surpluses are held by the AFP as a 'receivable' from DoFA.

7. Receivables

The estimated 2003-04 receivables is significantly higher than normal due to the transfer to DoFA of the cash from the surplus and deferred capital expenditure.

8. Employee Provisions

The reduction in provision from 2003-04 to 2004-05 reflects payment of additional 'Salaries and wages' in cash in 2004-05 (27th Pay).

Budgeted Departmental Statement of Cash Flows

9. Appropriations for outputs

This item includes Appropriation receipts for current year as well as movements in transfers of cash between AFP and DoFA as a part of new banking arrangements.

10. Operating Activities – Cash used – other

This includes amounts provided to the Australian Institute of Police Management and the Australasian Centre for Police Research.

11. Appropriations – contributed equity (Capital Injections)

The 2004-05 capital injection of \$10.553m contains current new measures funding (\$5.760m) and previous budget measures (\$4.793m)

Budgeted Departmental Capital Budget Statement

12. Represented by – other

The 2003-04 equity injection of \$51.171m contains capital appropriation funds of \$29.800m attributed to the Australian policing assistance in Papua New Guinea (PNG). The expenditure for the purchase of non-financial assets will be deferred until 2004-05.