

AUSTRALIAN
FEDERAL POLICE

Section 1: Overview, variations and measures

OVERVIEW

The Australian Federal Police (AFP) was established by the *Australian Federal Police Act 1979* and is the major provider of Commonwealth law enforcement. Its role is to enforce Commonwealth criminal law and protect Commonwealth and national interests from crime in Australia and overseas. The AFP is Australia's international law enforcement and policing representative and chief source of advice to the Government on policing issues. The AFP has primary responsibility for ensuring that the Commonwealth's law enforcement interests are protected.

From 1 July 2002 the Australian Protective Service, established by the *Australian Protective Service Act 1987*, became an operating division of the AFP. Its role is the guarding and security of Commonwealth and national interests.

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.

ADDITIONAL ESTIMATES

The Additional Estimates and Mid-Year Economic and Fiscal Outlook has enabled the budgeted statements to be updated for the results of the 2001–02 audited statements and 2002–03 progress over the first three months to the end of September 2002. The net impact of that is an increase of \$8.456m (2.2%) in the revenue appropriations from the Commonwealth.

The increased appropriation reflects technical accounting adjustments for:

- \$8.110m upward revision of the Capital Use Charge based on the value of net assets as at the close of 2001–02; and
- \$0.346m increase for economic parameter changes which adjust the values that applied at the time of the 2002–03 Budget. Those changes in indices also flow on to the out years.

Revenue from non-government sources has been revised upwards by \$12.965m:

- \$10.454m in Outcome 1 general revenue from the sale of goods and services including information technology service provision for other police jurisdictions and additional security / guarding activity; and
- \$2.511m increase in Outcome 2 revenue which includes the 2002–03 level of negotiated cost-recovery revenue from the ACT Government which was only available as a projection at Budget time.

The overall increase of \$21.421m (see map 2.1) incorporates the \$8.456m increase in appropriation and the \$12.965m increase in revenue from the sale of goods and services.

Bali Bombing – 12 October 2002

The AFP has directed very significant resources to the investigation of the 12 October bombings in Bali. An agreement has been entered into with the Indonesian National Police providing for a joint Australia-Indonesia police investigative team wherein the AFP is a partner in the conduct of the investigation and is the lead agency for other collaborating foreign law enforcement partners.

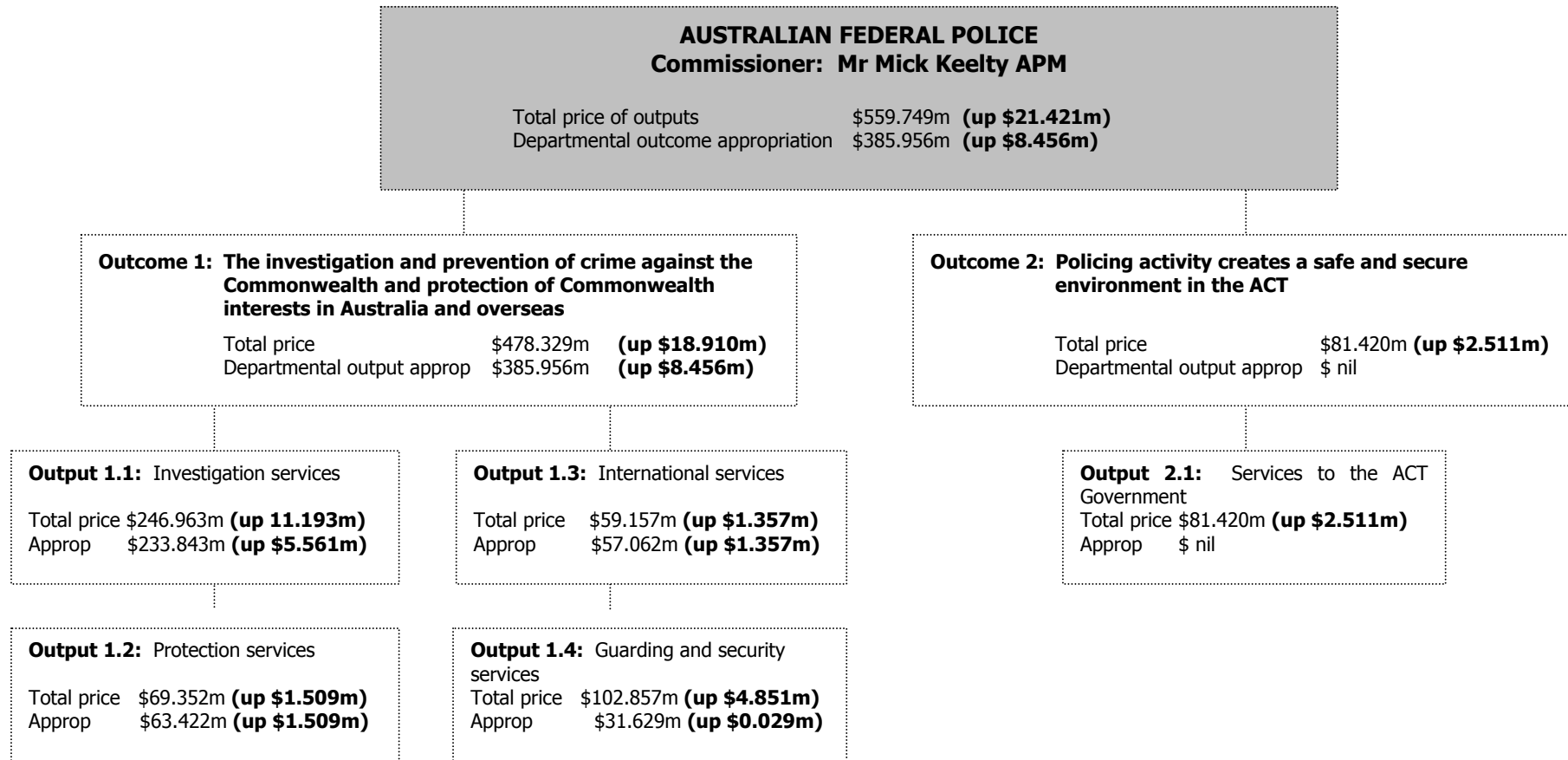
Some 100 Australian law enforcement officers and other specialists from the AFP and State police jurisdictions have been deployed in Bali on work in areas of investigations, disaster victim identification (DVI), forensics, missing persons, intelligence analysis along with security/guarding personnel. Australian specialists that were utilised in the Bali response activity include psychologists, coroners, pathologists, odontologists, site surveyors, doctors and bomb technicians. More than ten other foreign countries have deployed specialists to Bali for work in investigations, intelligence, explosives, and disaster victim identification.

Disaster victim identification is a highly technical and protracted process that must comply with established international protocols. The scale and difficulties of this task in Bali has no comparison in Australian history. In Australia a task force of some 400 AFP and State police has been collecting and collating domestic and international material and data for comparative use in the DVI process, interviewing possible witnesses, maintaining incident coordination centres in Canberra and regions and conducting Bali related intelligence gathering.

In addition to the specialist resources deployed to Bali and the considerable investigative and forensic support effort across Australia there is a wider, immediate and on-going impact of the 12 October atrocity on deployment of resources. For example, there is an increased priority for protection of foreign diplomatic personnel across Australia and a heightened priority for the security and guarding of certain buildings, institutions and infrastructure. This demand impacts on each of the four Outputs under the AFP's Outcome 1 - *The investigation and prevention of crime against the Commonwealth and protection of Commonwealth interests in Australia and overseas.*

While no adjustment to budget is being sought through this 2002–03 Additional Estimates process, it is pertinent to record that the AFP, in redeploying resources to meet immediate and on-going priorities imposed by the Bali bombing, is absorbing the cost of that operation to the fullest extent possible. It is not possible at this time to assess the full impact of that prioritised redeployment of resources. However, the AFP is working diligently to meet its existing operational requirements across each field of service delivery, i.e., investigation, protection, international, and guarding/security.

Map 2.1: Outcome and output groups



ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

There are no additional or deleted outcomes or outputs for the AFP. The variation to 2002–03 and forward year appropriation results from changes in the level of the capital use charge determined against the value of assets as at the close of 2001–02 and from changes in price and wage indices.

Additional Estimates and Variations to Outcomes - Departmental

	2002–03 \$'000	2003–04 \$'000	2004–05 \$'000	2005–06 \$'000
OUTCOME 1				
Increase in Departmental output appropriations				
Capital Use Charge	8,110	6,918	7,493	7,782
Changes in Price and Wage Indices	346	1,091	1,328	2,005
Total Outcome 1	8,456	8,009	8,821	9,787
OUTCOME 2				
Increase in Departmental output appropriations	-	-	-	-
Total Outcome 2	-	-	-	-
Total changes to appropriations	8,456	8,009	8,821	9,787

Explanation of variations

The changes to appropriation from Government reflect technical accounting adjustments:

- \$8.110m Capital Use Charge which is an operating expense funded by appropriation and paid to the Department of Finance and Administration in order to reflect the true cost of capital holdings under an accrual budgeting arrangement; and
- \$0.346m for an adjustment of price and wage indexation.

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL**Table 1.2: Appropriation Bill (No. 3) 2002–03**

	Actual 2001–02 \$'000	Budget 2002–03 \$'000	Revised 2002–03 \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
DEPARTMENTAL OUTPUTS					
Outcome 1					
The investigation and prevention of crime against the Commonwealth and protection of Commonwealth interests in Australia and overseas	303,669	377,500	385,956	8,456	-
Outcome 2					
Policing activity creates a safe and secure environment in the ACT	-	-	-	-	-
Total	303,669	377,500	385,956	8,456	-

SUMMARY OF STAFFING CHANGES**Table 1.4: Average staffing level (ASL)**

	Budget 2002–03	Revised 2002–03	Variation
Outcome 1			
The investigation and prevention of crime against the Commonwealth and protection of Commonwealth interests in Australia and overseas	3,364	3,492	128
Outcome 2			
Policing activity creates a safe and secure environment in the ACT	802	802	-
Total	4,166	4,294	128

Compared with the staffing forecast at Budget time the AFP expects to increase its average staffing level for 2002–03 by 128. Additional guarding/security requirements of the Australian Protective Service mainly as a result of the recent Bali bombing atrocity, give rise to an increase of 65 staff. A further 63 new recruits in training at year end will back-fill positions that become vacant as federal agents fill positions created by the 2002–03 Budget Measures.

VARIATIONS TO REVENUE FROM OTHER SOURCES THROUGH NET ANNOTATED (SECTION 31) RECEIPTS

Table 1.5: Changes to net annotated appropriations (Section 31) receipts

	Total approp 2002–03 Budget \$'000	Total approp 2002–03 Revised \$'000	Receipts from independent sources Budget \$'000	Receipts from independent sources Revised \$'000	Variation in non-govt revenue \$'000
Outcome 1					
The investigation and prevention of crime against the Commonwealth and protection of Commonwealth interests in Australia and overseas	377,500	385,956	81,919	92,373	10,454
Outcome 2					
Policing activity creates a safe and secure environment in the ACT	-	-	78,909	81,420	2,511
Total	377,500	385,956	160,828	173,793	12,965

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

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

Explanation of variations

The changes to appropriation from Government reflect technical accounting adjustments:

- \$8.110m Capital Use Charge which is an operating expense funded by appropriation and paid to the Department of Finance and Administration in order to reflect the true cost of capital holdings under an accrual budgeting arrangement; and
- \$0.346m for an adjustment of price and wage indexation.

An anticipated \$10.454m increase in 2002–03 revenue from non-government sources since budget reflects higher security/guarding activity and the sale of IT related services to state jurisdictions and other law enforcement agencies.

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

Explanation of variations

The projected price of \$78.909m included in the budget was indicative only. The 2001–02 Purchase Agreement negotiations with the ACT Government for cost-recovery ACT Community Policing Services had not been finalised at that time.

The upwards increase of \$2.511m to \$81.420m reflects:

- \$79.327m cost-recovery from the ACT Government (including \$0.628m specifically for a 2002–03 crime prevention initiative); and
- \$2.093m in revenue from a range of other sources such as fees.

Section 3: Budgeted Financial Statements

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

	Note	Actual 2001–02 \$'000	Revised Budget 2002–03 \$'000	Forward Estimate 2003–04 \$'000	Forward Estimate 2004–05 \$'000	Forward Estimate 2005–06 \$'000
Revenues from ordinary activities						
Appropriations from government	1	303,669	385,956	407,402	378,949	381,682
Sales of goods and services	2	102,211	172,735	167,502	171,098	171,480
Net gains from sales of assets		20	13	13	13	13
Other	3	2,684	1,045	1,045	1,045	1,045
Total revenues from ordinary activities		408,584	559,749	575,962	551,105	554,220
Expenses from ordinary activities (excluding borrowing costs expense)						
Employees	1	231,685	344,135	351,848	340,102	346,067
Suppliers	1	130,008	177,820	179,040	162,083	157,714
Depreciation and amortisation	4	14,401	19,210	23,904	27,157	27,379
Other	5	11,209	7,349	8,787	8,849	9,871
Total expenses from ordinary activities (excluding borrowing costs expense)		387,303	548,514	563,579	538,191	541,031
Borrowing cost expense		-	-	-	-	-
Net surplus or (deficit) from ordinary activities		21,281	11,235	12,383	12,914	13,189
Income Tax Expense		-	(1,326)	(526)	(513)	(509)
Net surplus or (deficit)		21,281	9,909	11,857	12,401	12,680
Capital use charge		(5,625)	(9,909)	(10,630)	(11,205)	(11,494)
Net surplus or (deficit) after capital use charge	6	15,656	-	1,227	1,196	1,186

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

	Note	Actual 2001–02 \$'000	Revised Budget 2002–03 \$'000	Forward Estimate 2003–04 \$'000	Forward Estimate 2004–05 \$'000	Forward Estimate 2005–06 \$'000
ASSETS						
Financial assets						
Cash	7	5,352	60,647	50,688	14,611	14,449
Receivables		20,231	24,733	20,403	20,424	20,511
Investments	8	20,000	-	-	-	-
Other		-	249	249	249	249
Total financial assets		45,583	85,629	71,340	35,284	35,209
Non-financial assets						
Land and buildings	9	63	3,415	8,788	17,371	20,204
Infrastructure, plant and equipment		57,061	101,727	113,185	136,810	141,217
Intangibles		8,255	18,333	20,566	18,920	18,452
Other		63,188	8,881	8,588	8,360	8,337
Total non-financial assets		128,567	132,356	151,127	181,461	188,210
Total assets		174,150	217,985	222,467	216,745	223,419
LIABILITIES						
Debt						
Loans	10	-	-	-	-	-
Total debt		-	-	-	-	-
Provisions and payables						
Employees		77,072	92,489	93,071	82,155	86,189
Suppliers		20,070	20,460	20,460	20,460	20,460
Other	11	10,555	14,068	12,347	12,336	12,353
Total provisions and payables		107,697	127,017	125,878	114,951	119,002
Total liabilities		107,697	127,017	125,878	114,951	119,002
EQUITY						
Capital		125,041	133,789	137,569	140,980	141,823
Asset Revaluation Reserve		13,790	14,678	14,678	14,678	14,678
Accumulated surpluses or (deficits)		(72,378)	(57,499)	(55,658)	(53,864)	(52,084)
Total equity		66,453	90,968	96,589	101,794	104,417
Liabilities and equity		174,150	217,985	222,467	216,745	223,419
Current liabilities		56,678	73,116	70,640	58,337	60,971
Non-current liabilities		51,019	53,901	55,238	56,614	58,031
Current assets		108,771	94,372	79,838	43,582	43,507
Non-current assets		65,379	123,613	142,629	173,163	179,912

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

	Note	Actual 2001–02 \$'000	Revised Budget 2002–03 \$'000	Forward Estimate 2003–04 \$'000	Forward Estimate 2004–05 \$'000	Forward Estimate 2005–06 \$'000
OPERATING ACTIVITIES						
Cash received						
Appropriations for outputs		303,668	385,956	407,402	378,949	381,682
Sales of goods & services		103,954	188,117	173,501	176,345	176,391
GST Input tax credit	12	12,405	7,724	7,251	7,364	7,396
Interest		2,563	1,059	1,045	1,045	1,045
Total cash received		422,590	582,856	589,199	563,703	566,514
Cash used						
Employees		230,693	343,765	351,266	351,018	342,033
Suppliers		185,847	201,540	192,753	173,799	169,385
Other	13	5,883	7,349	8,787	8,849	9,871
Total cash used		422,423	552,654	552,806	533,666	521,289
Net cash from operating activities		167	30,202	36,393	30,037	45,225
INVESTING ACTIVITIES						
Cash received						
Proceeds from sales of property, plant & equip		27	13	13	13	13
Proceeds from Investments	14	730,500	20,000	-	-	-
Repayment of Advances	15	-	24,704	-	-	-
Total cash received		730,527	44,717	13	13	13
Cash used						
Purchase of property, plant and equipment, intangibles		34,623	42,326	42,968	57,719	34,151
Purchase of Investments	14	696,501	-	-	-	-
Total cash used		731,124	42,326	42,968	57,719	34,151
Net cash from investing activities		(597)	2,391	(42,955)	(57,706)	(34,138)
FINANCING ACTIVITIES						
Cash Received						
Cash from capital injections		3,237	9,876	8,780	3,411	843
Australian Protective Service		-	24,234	-	-	-
Total cash received		3,237	34,110	8,780	3,411	843
Cash used						
Capital use and dividends paid		4,970	11,408	12,177	11,819	12,092
Repayment of Capital		162	-	-	-	-
Total cash used		5,132	11,408	12,177	11,819	12,092
Net cash from financing activities		(1,895)	22,702	(3,397)	(8,408)	(11,249)
Net increase in cash held		(2,325)	55,295	(9,959)	(36,077)	(162)
Cash at the beginning of the reporting period		7,677	5,352	60,647	50,688	14,611
Cash at the end of the reporting period		5,352	60,647	50,688	14,611	14,449

Table 3.4: Departmental Capital Budget Statement

	Actual 2001–02 \$'000	Revised Budget 2002–03 \$'000	Forward Estimate 2003–04 \$'000	Forward Estimate 2004–05 \$'000	Forward Estimate 2005–06 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	13,237	4,876	3,780	3,411	843
Total loans	-	-	-	-	-
Appropriation of previous year's carryover	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	3,237	4,876	3,780	3,411	843
Other	10,000	-	-	-	-
Total	13,237	4,876	3,780	3,411	843
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	3,237	4,876	3,780	3,411	843
Funded internally by departmental resources	31,386	68,125	39,188	54,308	33,308
Total	34,623	73,001	42,968	57,719	34,151

Table 3.5: Departmental Non-financial Assets — Summary of Movement (Budget Year 2002–03)

	Land	Buildings	Total land and buildings	Other infrastructure plant and equipment	Total infrastructure plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Original carrying amount at the start of year	20	43	63	57,061	57,061	8,255	65,379
<i>Add: Australian Protective Service</i>	102	267	369	2,204	2,204	1,731	4,304
New carrying amount at the start of year	122	310	432	59,265	59,265	9,986	69,683
Additions	3,000	-	3,000	58,468	58,468	11,533	73,001
Disposals	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-
Original accumulated depreciation	-	2	2	40,863	40,863	6,131	46,996
<i>Add: Australian Protective Service</i>	-	113	113	3,222	3,222	466	3,801
New accumulated depreciation	-	115	115	44,085	44,805	6,596	50,796
Depreciation/amortisation expenses	-	17	17	16,007	16,007	3,186	19,210
Disposals for cash consideration							
Write-off of assets							
Carrying amount at the end of year	3,122	293	3,415	101,727	101,727	18,333	123,475
Total Additions	3,000	-	3,000	58,468	58,468	11,533	73,001
Self funded	3,000	-	3,000	53,592	53,592	11,533	68,125
Appropriations	-	-	-	4,876	4,876	-	4,876
Total	3,000	-	3,000	58,468	58,468	11,533	73,001

NOTES TO THE FINANCIAL STATEMENTS

Budgeted Statement of Financial Performance

Note: The Australian Protective Service (APS) became part of the AFP on 1 July 2002. Accordingly the 2001–02 Actual details in the Financial Statements exclude the APS.

1. Appropriations from government

The additional 2002–03 appropriation revenue includes no new measures funding. However, funding has increased in total over the budget allocation of \$377.500m by \$8.456m. This has occurred as a result of an increase in Capital Use Charge funding of \$8.110m and parameter adjustments resulting from changes in wage and price indices of \$0.346m. The decrease in funding from 2004–05 onwards reflects the lapsing resourcing for *Peace Operations* – East Timor and Solomon Islands (\$26.0m), *Unauthorised Arrivals* (\$4.1m) and the *Expansion of the AFP presence in Melanesia* (\$4.1m). This is also reflected in associated decreases in 2004–05 Employee and Supplier expenses.

2. Sales of goods and services

Increased revenue of \$12.965m from budget time estimates for the sale of goods and services in 2002–03 is primarily due to the net effect of:

- An increase in estimated other sales of goods and services revenue for the Australian Protective Services of \$4.822m;
- A further \$2.511m in accrued sales of Goods and Services to the ACT Government, an increase from \$78.909m at budget to \$81.420m; and
- A general AFP revenue increase of \$5.632m mainly from the sale of IT related services to state jurisdictions and other law enforcement agencies.

3. Other revenue

Other revenue in 2001–02 reflects interest revenue (\$2.563m) and resources received free of charge (\$0.121m). For 2002–03 and the out years, the AFP interest earnings have been 'capped' at \$1.045m per annum under the Agency Banking Incentive Scheme which is currently under review. Receipts received from seized monies that are paid into Consolidated Revenue (e.g. proceeds of crime) are held in trust on behalf of the Commonwealth and are not deemed to be or associated with any AFP revenue component.

4. Depreciation and amortisation

Investments in operational equipment and technology together with a review of asset useful life have increased forecast depreciation and amortisation figures from budget by \$0.402m in 2002–03 to \$19.210m. The depreciation amounts have also increased in the out years, adding \$4.198m in 2003–04, \$6.927m in 2004–05 and \$7.220m in 2005–06.

5. Other expenses

The actual expense of \$11.209m in 2001–02 includes base payments of \$5.883m to the Common Police Services such as the Australian Bureau of Criminal Intelligence (ABCI), the Australian Institute of Police Management and the Australian Centre for Police Research. The balance relates to one off write down and write off of assets resulting from general stock take. Additional expenses for the Common Police Services from and including 2002–03 reflect the ABCI '*Enhanced analytical and predictive crime capability*' measure announced at budget (2002–03 PBS, p.205). Subject to the passage of legislation, funding for the ABCI will be transferred to the new Australian Crime Commission (ACC).

6. Net Surplus (deficit) after capital use charge

The actual audited surplus of \$15.656m in 2001–02 after the capital use charge, primarily resulted from a higher than budgeted revenue (including third party revenue from criminal history checks), some technical accounting issues relating to the timing of revenues and expenses and the impact when capital items are funded from operating revenues.

7. Cash

When the 2001–02 fixed term cash deposit amount of \$20.000m (*Investment - see Note 8*) is combined with *Cash* of \$5.352m the total cash holdings as at 30 June 2002 are \$25.352m (compared to \$25.322m estimated actual reported in the 2002–03 PBS at p.233). The increase from \$18.225m (PBS page 233) to \$60.647m reflects integration of APS cash holdings at 1 July 2002 (revised upwards to \$24.234m) and recovery of prepayments made to the building management service in relation to construction of a new AFP Headquarters. The impact of these flow on to lower cash balances in the out years.

Budgeted Departmental Statement of Financial Position

8. Investments

The investment amount of \$20.000m represents fixed period term deposits that, under the Agency Banking Incentive Scheme, were invested at 30 June 2002.

9. Land & buildings, Infrastructure plant equipment, & Intangibles

Planned capital works over the next two to three years are designed to enhance the AFP's capability to respond to significant changes in the nature and level of service demands. The AFP plans to enhance its land and buildings by the establishment of an operational headquarters that incorporates APS accommodation requirements, expansion of the AFP College to meet recruitment demand, and the development of a special purpose/technical operations-support training facility. As indicated in the 2002–03 Portfolio Budget Statements (page 201), the AFP is also embarking upon major investment in software upgrades including the Police Real-time Online Management Information System (PROMIS) and its financial management information system (SAP). A further upgrade in a range of operational equipment is also planned including the enhancement of surveillance capability.

10. Loans

The AFP has no loan commitments.

11. Provisions and payables - other

Consists primarily of restoration provisions for leasehold premises (\$8.8m) and unearned income (\$1.6m). The remainder represents existing dividends payable to government and payroll-corporate tax commitments by the APS resulting from competitive neutrality arrangements.

Budgeted Departmental Statement of Cash Flows

12. Operating Activities – Cash received GST input Tax credit

Goods and Services Tax (GST) receipt payments from the Australian Taxation Office resulting from the net transactions between total GST cash payments to suppliers and the GST receipts received from 'GST withholding-payments' from customers for services provided by AFP.

13. Operating Activities – Cash used – other

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

14. Investing Activities – Proceeds /purchase of Investments

Represents the gross amounts of re-investment and return of fixed short-term deposits during the 2001–02 financial year.

15. Investing Activities – Repayment of Advances

The AFP has outsourced its property and construction management activity. There has been some slippage with construction projects and therefore it is intended to reclaim some advances until arrangements for a new operational headquarters building is finalised.

APPENDIX 1

Receipts from independent sources

	Budget Estimate 2002–03 \$'000	Revised Estimate 2002–03 \$'000
DEPARTMENTAL REVENUE		
Section 31 (FMA Act) receipts	159,315	172,735
Total Non-Appropriation Departmental Revenue	159,315	172,735

