

AUSTRALIAN FEDERAL POLICE

Section 1: Overview

The Australian Federal Police (AFP) was established by the *Australian Federal Police Act 1979* (the AFP Act) 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. The AFP also provides community policing services to the Australian Capital Territory (ACT) by way of a Purchasing Agreement with the ACT Government.

The context for the AFP's future will continue to be formed by the increasing breadth, depth and complexity of the Commonwealth's law enforcement interests. In turn those interests will be heavily influenced by factors such as the extent of regional and international geopolitical instability, the dynamic nature of transnational crime and new applications of a range of technologies.

The challenges and opportunities of the next three years will be no less substantial than those of the last three. Many will flow from Government's national security priorities such as countering terrorism, and providing assistance to strengthen law and order in our region. Others will flow from developments in technology and society's responses.

The 2007-08 Budget includes funding for a package of new initiatives relating to specialised training, accommodation and information management needs in areas such as international policing, aviation security and intelligence.

These initiatives include provision of long-term, purpose-built accommodation for security teams based at Australia's 11 major airports, as part of the Unified Policing Model, as well as funding for a detailed scoping study for the development of a state of the art national law enforcement education and training centre.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the AFP (outputs and services) which contribute to achievement of outcomes for AFP are summarised in Table 1.1.

For detailed financial information regarding AFP outcome and output information please refer to Section 3, Figure 2.

Table 1.1: Agency outcomes and output groups

Outcome	Description	Outputs
<p>Outcome 1 The investigation and prevention of crime against the Commonwealth and protection of Commonwealth interests in Australia and overseas</p>	<p>Outcome 1 reflects the AFP's national and internationally focused policing services provided to the Commonwealth, encompasses the investigation and prevention of crime against the Commonwealth and protection of Commonwealth interests in Australia and overseas.</p>	<p><u>Output 1.1</u> – Criminal Investigation - Border and International Network</p> <p><u>Output 1.2</u> – Criminal Investigations - Economic and Special Operations</p> <p><u>Output 1.3</u> – Criminal Investigations – Terrorism</p> <p><u>Output 1.4</u> – International Deployment Services</p> <p><u>Output 1.5</u> – Protection Services</p> <p><u>Output 1.6</u> – Aviation Services</p>
<p>Outcome 2 Policing activity creates a safe and secure environment in the ACT</p>	<p>Outcome 2 reflects the AFP's community policing services in the ACT. There is a small proportion of Outcome 1 resources which, for the purpose of operational efficiency and effectiveness, are under the day to day control and management of ACT Policing. Throughout the year, these resources are drawn down by Outcome 1 in carrying out its obligations to the Commonwealth.</p>	<p><u>Output 2.1</u> – Services to the ACT Government</p>

Section 2: Resources for 2007-08

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows appropriations and other resources by outcome. In summary, the funding for 2007-08 comprises departmental appropriation of \$975.801m (Appropriation Bill 1) and departmental capital (equity injection) of \$90.066m, which includes previously agreed capital funding for 2007-08 (Appropriation Bill 2).

The table summarises how resources will be applied by outcome.

Table 2.1: Appropriations and other resources 2007-08

Agency/ Outcome/ Non- operating	Departmental			Administered				Total \$'000	
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Receipts (a) \$'000	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2			Receipts (a) \$'000
						SPP \$'000	Other \$'000		
Outcome 1 – The investigation and prevention of crime against the Commonwealth and protection of Commonwealth interests in Australia and overseas	975,801	-	-	77,844	-	-	-	-	1,053,645
Outcome 2 – Policing activity creates a safe and secure environment in the ACT	-	-	-	117,056	-	-	-	-	117,056
Equity injections	-	90,066	-	-	-	-	-	-	90,066
TOTAL	975,801	90,066	-	194,900	-	-	-	-	1,260,767

Notes:
(a) Departmental receipts from other sources (i.e. other than appropriation amounts) that are available to be used. Resources received free of charge are not included in this table.

1. 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.

2. Refer to Budgeted Income Statement for application of agency revenue.

2.2 2007-08 BUDGET MEASURES

Budget measures relating to the AFP as explained in Budget Paper No. 2 are summarised in Table 2.2. The table also identifies the relevant outcomes, administered items and outputs associated with each measure.

Table 2.2: Agency measures

Measure	Outcome	Output affected	Appropriations Budget 2007-08 \$'000			Appropriations Forward Estimate 2008-09 \$'000			Appropriations Forward Estimate 2009-10 \$'000			Appropriations Forward Estimate 2010-11 \$'000		
			Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total
Expense Measures														
Strengthening National Security – reducing national e-security risk	1	1.2	-	2,458	2,458	-	4,124	4,124	-	3,820	3,820	-	3,834	3,834
Strengthening National Security – implementing the <i>Anti-Terrorism Act (No. 2) 2005</i>	1	1.2	-	5,916	5,916	-	4,605	4,605	-	4,652	4,652	-	4,695	4,695
Strategy to prevent people smuggling – increased human source capacity for the Australian Federal Police	1	1.1	-	1,376	1,376	-	1,064	1,064	-	1,075	1,075	-	1,085	1,085
Australian Federal Police – contribution to Afghanistan ³	1	1.4	-	2,595	2,595	-	877	877	-	-	-	-	-	-
Combating trafficking in persons – extension and expansion	1	1.1	-	2,682	2,682	-	2,127	2,127	-	2,149	2,149	-	2,171	2,171
Australian Federal Police – future operational systems	1	1.1, 1.2, 1.3, 1.4, 1.5, 1.6	-	1,624	1,624	-	3,870	3,870	-	4,970	4,970	-	6,313	6,313

2.2: Agency measures (cont)

Measure	Outcome	Output affected	Appropriations Budget 2007-08 \$'000			Appropriations Forward Estimate 2008-09 \$'000			Appropriations Forward Estimate 2009-10 \$'000			Appropriations Forward Estimate 2010-11 \$'000		
			Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total
Combating illicit drugs – enhanced Australian Federal Police investigative capacity	1	1.1	-	1,427	1,427	-	1,433	1,433	-	1,459	1,459	-	1,473	1,473
Combating illicit drugs – expansion of the Australian Federal Police international liaison officer network	1	1.1	-	819	819	-	1,132	1,132	-	1,146	1,146	-	1,286	1,286
Sudan – providing an Australian Federal Police contribution for the United Nations Mission in Sudan	1	1.4	-	1,126	1,126	-	986	986	-	398	398	-	-	-
Intellectual property crime – investigation and prosecution	1	1.2	-	2,717	2,717	-	4,896	4,896	-	-	-	-	-	-
Sirengthening National Security – aviation security accommodation	1	1.6	-	8,503	8,503	-	761	761	-	1,765	1,765	-	1,086	1,086
Australian Federal Police – accommodation scoping study	1	1.1, 1.2, 1.3, 1.4, 1.5, 1.6	-	3,346	3,346	-	-	-	-	-	-	-	-	-
Total Expense Measures			-	34,589	34,589	-	25,875	25,875	-	21,434	21,434	-	21,943	21,943

2.2 Agency measures (cont)

Measure	Outcome	Output affected	Appropriations Budget 2007-08 \$'000			Appropriations Forward Estimate 2008-09 \$'000			Appropriations Forward Estimate 2009-10 \$'000			Appropriations Forward Estimate 2010-11 \$'000		
			Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total
Capital Measures														
Strengthening National Security – reducing national e-security risk	1	1.2	-	1,047	1,047	-	225	225	-	50	50	-	-	-
Strengthening National Security – implementing the <i>Anti-Terrorism Act (No. 2) 2005</i>	1	1.2	-	610	610	-	-	-	-	-	-	-	-	-
Strategy to prevent people smuggling – increased human source capacity for the Australian Federal Police	1	1.1	-	119	119	-	-	-	-	-	-	-	-	-
Australian Federal Police – Future Operational Systems	1	1.1, 1.2, 1.3, 1.4, 1.5, 1.6	-	5,376	5,376	-	11,196	11,196	-	17,491	17,491	-	12,226	12,226
Combating illicit drugs – enhanced Australian Federal Police investigative capacity	1	1.1	-	113	113	-	35	35	-	-	-	-	-	-

2.2: Agency measures (cont)

Measure	Outcome	Output affected	Appropriations Budget 2007-08 \$'000			Appropriations Forward Estimate 2008-09 \$'000			Appropriations Forward Estimate 2009-10 \$'000			Appropriations Forward Estimate 2010-11 \$'000		
			Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total
Combating illicit drugs – expansion of the Australian Federal Police international liaison officer network	1	1.1	-	76	76	-	-	-	-	-	-	-	-	-
Intellectual property crime – investigation and prosecution	1	1.2	-	719	719	-	8	-	-	-	-	-	-	-
Strengthening National Security – aviation security accommodation	1	1.6	-	37,946	37,946	-	86,707	-	14,618	14,618	-	-	-	-
Total Capital Measures			-	46,006	46,006	-	98,171	-	32,159	32,159	-	12,226	-	12,226
Total All Measures			-	80,595	80,595	-	124,046	-	53,593	53,593	-	34,169	-	34,169

*expenses

Notes:

1. Funding for the measure Future Operational Systems – Australian Federal Police also includes \$2.127m in 2011-12.
2. Funding for the measure Cole Inquiry – possible criminal offences has been reported in the Portfolio Supplementary Additional Estimates Statements 2006-07. Funding comprises: administered expenses of \$0.600m in 2006-07; departmental outputs of \$5.487m in 2007-08; and capital of \$0.361m in 2007-08
3. Funding for the contribution to Afghanistan measure was factored into the forward estimates through inclusion in the 'Decision Taken But Not Yet Announced' in the 2006-07 Mid-Year Economic and Fiscal Outlook.

2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by the AFP, including revenue for provision of goods or services, and resources received free of charge. These resources are approved for use by the AFP and are included in Table 2.1.

Table 2.3: Other resources available to be used

	Estimated Receipts 2006-07 \$'000	Budget Estimate 2007-08 \$'000
DEPARTMENTAL RESOURCES		
Receipts from other sources		
ACT Government	105,729	117,056
Sales of goods and services ¹	96,085	77,844
Other non-taxation revenue	1,620	-
Total receipts from other sources	203,434	194,900
Other departmental resources		
Net gains from sale of assets	13	13
Resources received free of charge	298	298
Assets transferred from related entities ²	1,650	-
Total other departmental resources	1,961	311
Total departmental other resources available to be used	205,395	195,211

Acts Glossary: FMA Act = *Financial Management and Accountability 1997*

Notes:

1. Represents s31 FMA Act receipts.
2. This figure comprises the Australian Institute of Police Management building transferred from the Department of Finance and Administration.

2.4 MOVEMENT OF ADMINISTERED FUNDS

The AFP does not have any administered funding to be moved from 2006-07 to 2007-08.

2.5 SPECIAL APPROPRIATIONS

The AFP does not have any special appropriations.

2.6 MOVEMENTS IN SPECIAL ACCOUNTS

Special accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister's Determination under the FMA Act. These Determinations may be disallowed by the Parliament. Special Accounts can also be established by the passage of separate legislation. Abolition of Special Accounts requires a Determination to be made by the Finance Minister or, for those Accounts established by legislation, by repeal of the legislation in whole or part. Table 2.6 shows the expected additions (credits) and reductions (debits) for each Account used by the AFP.

Table 2.6: Estimates of Special Account cash flows and balances

	Outcome No.	Opening Balance 2007-08 2006-07 \$'000	Receipts 2007-08 2006-07 \$'000	Payments 2007-08 2006-07 \$'000	Adjustments 2007-08 2006-07 \$'000	Closing Balance 2007-08 2006-07 \$'000
AFP Protective Services Special Account – s20 FMA Act 1997 (D) ¹	1	- 4,845	- 123,325	- 128,170	-	- -
Comcare – Special Public Money – <i>Safety, Rehabilitation and Compensation Act 1998</i> (D)	1	4,001 3,112	7,558 6,426	6,362 5,537	-	5,197 4,001
AFP official MPR and Warrants trust Account – Other Trust Moneys – s20 FMA Act 1997 (D)	1	16 5	116 106	107 95	-	25 16
AFP Official Exhibits and Seized Money Trust Account – Other Trust Moneys – s20 FMA Act 1997 (D)	1	1,047 1,815	504 1,160	1,291 1,928	-	260 1,047
AFP Official Salary Packaging Exempt SPM Account – s20 FMA Act 1997 (D)	1	1,574 2,310	10,737 9,460	11,086 10,196	-	1,225 1,574
AFP Official National Police Memorial Trust Account – s20 FMA Act 1997 (D)	1	89 59	829 39	733 9	-	185 89
AFP Asia/Pacific Group on Money Laundering Special Account – s20 FMA Act 1997 (D)	1	540 1,001	1,772 1,220	2,008 1,681	-	304 540
AFP Trust Account – Australian Disaster Victim Identification – s20 FMA Act 1997 (D)	1	559 99	140 480	27 20	-	672 559
Total special accounts 2007-08 Budget estimate		7,826	21,656	21,614	-	7,868
Total special accounts 2006-07 estimate actual		13,246	142,216	147,636	-	7,826

D = Departmental

Acts Glossary: FMA Act = *Financial Management and Accountability Act (1997)*

Notes:

1. A request for the abolition of the Protective Services Special Account was submitted to the Minister for Justice and Customs on 12 April 2007. This account is expected to be closed in the 2006-2007 financial year.

Section 3: Outcomes

This section summarises how the resources identified in Section 2 will be used to contribute to the two outcomes for the AFP. Key performance measures and performance evaluation activities are specified for each outcome. More detailed information on output and administered item attributes is maintained by the AFP for internal management purposes.

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

AFP resources concentrate on the achievement of the two outcomes agreed to by the Australian Government.

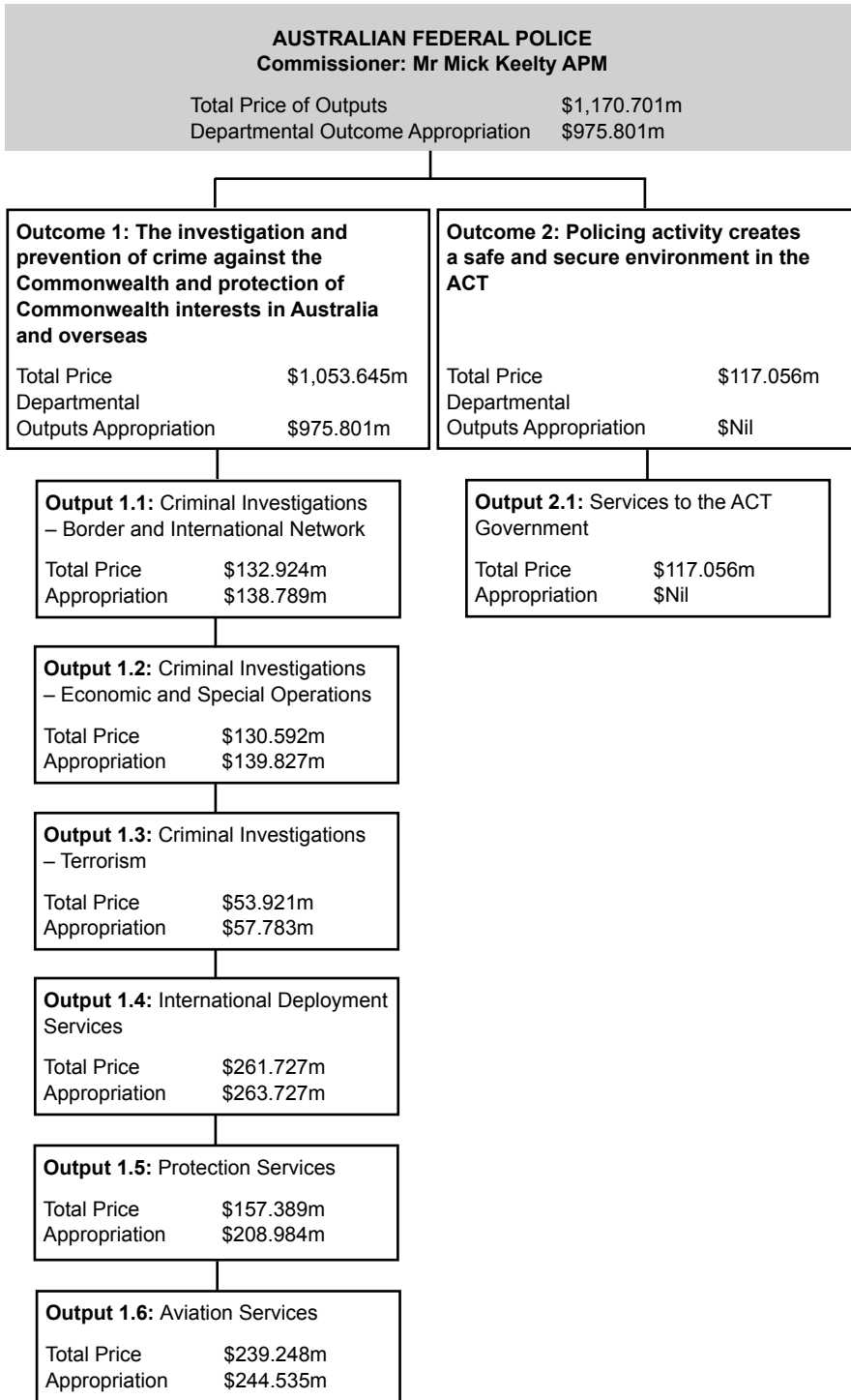
Outcome 1: reflecting the AFP's national and internationally focused policing services provided to the Commonwealth, encompasses the investigation and prevention of crime against the Commonwealth and protection of Commonwealth interests in Australia and overseas.

Outcome 2: focuses upon the provision of community policing to create a safe and secure environment in the ACT.

The relationship between activities of the AFP and the outcomes is summarised in Figure 2.

There are no changes to the AFP outcomes and output structure compared to the 2006-07 PBS.

Figure 2: Contributions to outcomes



3.2 OUTCOME RESOURCES AND PERFORMANCE INFORMATION

3.2.1 Outcome 1 resourcing

Table 3.1.1 shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 1, including administered expenses, revenue from Government (appropriation), revenue from other sources, and the total price of outputs. Table 3.1.2 shows how other revenue sources for the 2007-08 Budget translate to total resourcing for Outcome 2.

Table 3.1.1: Total resources for Outcome 1

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000
ADMINISTERED APPROPRIATIONS		
Cole Inquiry – possible criminal offences	600	-
Total administered appropriations	600	-
DEPARTMENTAL APPROPRIATIONS		
Output 1.1 – Criminal Investigations – Border and International Network	124,000	132,924
Output 1.2 – Criminal Investigations – Economic and Special Operations	119,223	130,592
Output 1.3 – Criminal Investigations – Terrorism	48,250	53,921
Output 1.4 – International Deployment Services	240,731	261,727
Output 1.5 – Protection Services	153,968	157,389
Output 1.6 – Aviation Services	187,408	239,248
Total revenue from Government (appropriations) contributing to price of departmental outputs¹	873,580	975,801
REVENUE FROM OTHER RESOURCES		
Output 1.1 – Criminal Investigations – Border and International Network	12,372	5,865
Output 1.2 – Criminal Investigations – Economic and Special Operations	12,387	9,235
Output 1.3 – Criminal Investigations – Terrorism	5,464	3,862
Output 1.4 – International Deployment Services	13,288	2,000
Output 1.5 – Protection Services	44,252	51,595
Output 1.6 – Aviation Services	9,942	5,287
Total revenue from other sources	97,705	77,844
Total price from departmental outputs (Total revenue from Government and from other sources)	971,285	1,053,645
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	971,885	1,053,645
Average staffing level (number)²	4,877	5,231

Notes:

1. Estimated decrease in 2006-07 appropriations revenue since 2006-07 the Portfolio Additional Estimates Statements (PAES) is detailed in section 5.3
2. The 2006-07 figure does not include the ASL of 211 State police seconded to the AFP for Aviation Security (88) and International Deployments (123). The 2007-08 figure does not include ASL of 327 State police seconded to the AFP for Aviation Security (215) and International Deployments (112).

Table 3.1.2: Total resources for Outcome 2

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000
REVENUE FROM OTHER RESOURCES		
Output 2.1 – Services to the ACT Government	105,729	117,056
Total revenue from other sources	105,729	117,056
Total price from departmental outputs (Total revenue from Government and from other sources)	105,729	117,056
Total estimated resourcing for Outcome 2 (Total price of outputs and administered appropriations)	105,729	117,056
Average staffing level (number)	837	876

3.2.2 Measures affecting Outcome 1

A summary of the measures for the 2007-08 Budget are found in Table 2.2.

3.2.3 Contributions to achievement of Outcome 1

Departmental outputs

Outcome 1, reflecting the AFP’s national and internationally focused policing services provided to the Commonwealth, encompasses the investigation and prevention of crime against the Commonwealth and protection of Commonwealth interests in Australia and overseas.

Output 1.1: Criminal Investigations – Border and International Network

Border and International Network has principal responsibility for managing border crime incident types and the activities of the AFP’s International Network.

Border crimes collectively include drug trafficking, people smuggling, transnational sex offences, transnational child sex tourism, and other crimes ancillary to border and international operations.

Strategies include:

- Countering and otherwise investigating illicit drugs trafficking and the interception of assets involved in, or derived from, those activities
- Contributing effectively to the implementation of the Government’s Tough on Drugs strategy

- Contributing effectively to a whole of Government approach to unauthorised arrivals, and
- Contributing effectively to a whole of Government approach in combating trafficking in persons (which includes dealing with Transnational Sex Offences and Transnational Sex Tourism).

An International Network of AFP liaison officers facilitates the investigation and prevention of crimes against the Commonwealth and the protection of Commonwealth interests in Australia and overseas.

Strategies include:

- Contributing effectively to international cooperative and collaborative efforts to counteract and prevent criminal activities of major concern to the Government
- Continuing the development of the capacity of overseas law enforcement agencies to deal with new forms of criminal activity particularly in regard to transnational crime
- Facilitating enhanced cooperation and collaboration with overseas law enforcement agencies through targeted Law Enforcement Cooperation Programme (LECP) funding to partner agencies in support of law enforcement initiatives of benefit to Australia, and
- Contributing effectively to the operation of the Australian National Central Bureau for the International Criminal Police Organisation (INTERPOL).

Output 1.2: Criminal Investigations – Economic and Special Operations

The Economic and Special Operations portfolio carries responsibility for managing a wide range of crime-types contained within the spectrum of Commonwealth statutes. The portfolio can be divided into two major streams: Economic Operations and Special Operations.

The Economic Operations stream delivers a Commonwealth law enforcement response to the incidence of serious and complex fraud activity, money-laundering, criminal tax offences, identity crime, currency crime, and other financial criminality.

The Special Operations stream delivers a law enforcement response to the incidence of a range of Commonwealth offences including war crimes, foreign official bribery, intellectual property, corruption and unauthorised disclosures, illegal fishing, environmental crime, electronic and high-tech crime, family law, and on-line child sexual exploitation.

Strategies to deliver the outputs within these streams are implemented both domestically and internationally.

Strategies include:

- Focusing on the financial bases of crime by pursuing the proceeds of crime and money laundering
- Attacking identity crime as the key facilitator to a broad range of crime types, and
- Engaging in national and international law enforcement partnerships in combating transnational and organised economic criminal activity.

Output 1.3: Criminal Investigations - Terrorism

Counter-Terrorism has primary responsibility for managing activity relating to countering terrorist threats to, and preventing terrorist incidents against, Australia and Australian interests, domestically and internationally.

Strategies include:

- Inter-jurisdictional Joint Counter-Terrorism Teams to coordinate investigations across State/Territories that impact on national security
- Validating and assessing Australia's domestic and international Counter-Terrorism capacity and capabilities through national and offshore exercise regimes
- International CT liaison officers that undertake operational and capacity building activities, working closely with the AFP's broader International Network
- Rapid response capability to manage crises, and the consequences of such events, impacting on the economic, social and political stability of Australia's local and global interests

- Regional Counter Terrorism Cooperation and Operations Support Teams that encourage the transferability of skills and knowledge, and
- Enhancement of the Jakarta Centre for Law Enforcement Cooperation through the delivery of technical, specialist and leadership programs that encourage transformational change within the region.

Output 1.4: International Deployment Services

As a leader within the law and justice sector, the International Deployment Group contributes to regional and international stability and security on behalf of the Australian Government by implementing capacity building programs and offshore law enforcement initiatives.

Strategies include:

- Multilateral law enforcement capacity building missions
- Bilateral law enforcement capacity building programs under the auspices of the Law Enforcement Cooperation Program
- International monitoring missions, and
- International peace operations missions as civilian police with the United Nations.

Output 1.5: Protection Services

Protection Services contribute to the outcome through the prevention of crime and protection of Commonwealth interests within Australia and overseas.

The objective of Protection Services is to ensure that individuals and interests identified to be at risk by the Commonwealth are kept safe and that their dignity is preserved. This is achieved in partnership with other state, territory and Commonwealth agencies and departments.

Strategies include:

- Provision of close personal protection
- Administration of the national witness protection program
- Planning and coordination with strategic partners for special events that are of a national interest, and

- Provision of specialised security services at premises considered by Government to be at risk.

Output 1.6: Aviation Services

Aviation Services contribute to the maintenance of a safe and secure environment for Australian domestic and international aviation passenger transport. This requires the AFP to develop and maintain strong relationships with State and Territory police services, Commonwealth agencies and the wider aviation community to ensure highly coordinated action against terrorist and other criminal threats to aviation safety and security.

Strategies include:

- Active participation in inter-agency and aviation industry security forums
- Contributing to the prevention of in-flight attack on Australian registered aircraft through deployment of Air Security Officers on selected domestic and international sectors
- Implementing the Unified Policing Model (UPM) at designated airports to provide coordinated command and control, liaison and intelligence capabilities, a counter-terrorist deterrence and response capability, general duties policing and the ability to investigate serious and organised crime in the aviation sector
- The maintenance of specialist bomb appraisal and firearms and explosives detection canine capabilities to support aviation law enforcement, and
- Contributing to the aviation security deterrence and response capability of regional aviation participants by providing a deployable counter-terrorist deterrence and response capability to regional airports on a pre-planned or intelligence-driven basis.

3.2.3 Contributions to achievement of Outcome 2

Outcome 2 reflects the AFP's community policing services in the ACT. There is a small proportion of Outcome 1 resources which, for the purpose of operational efficiency and effectiveness, are under the day to day control and management of ACT Policing. Throughout the year, these resources are drawn down by Outcome 1 in carrying out its obligations to the Commonwealth.

Output 2.1: Services to the ACT Government

The primary aim of Outcome 2 is provision of community policing capacity to the ACT Government.

The objectives of this outcome are defined in the annually negotiated Purchase Agreement between the AFP and the ACT Government for the provision of police services. ACT community policing services are provided for under Section 8 of the AFP Act.

AFP activities include public order and community confidence, investigations, road safety, traffic enforcement, prosecution and judicial support and the provision of information services.

The Policing Arrangement for the ACT was established between the Commonwealth and ACT Governments in March 2000 for a period of five years. This arrangement has been extended indefinitely pending the finalisation of a new five year arrangement between the Commonwealth and ACT Governments. This user-pays arrangement is subject to annual negotiation of a Purchase Agreement that incorporates outputs required by the ACT Government and performance measures associated with those outputs.

Cost allocation to outputs

Outputs are costed using the ACT Policing Activity Survey. The survey captures time spent by ACT Policing staff on ACT Community Policing and Commonwealth Policing activities. Indirect costs are apportioned to each output in relation to the time spent on operational activities.

3.2.4 Performance information for Outcome 1

Performance information for individual outputs and output groups relating to the AFP are summarised in Table 3.2.

Table 3.2: Performance information for Outcome 1

Performance Indicators for Individual Outputs	
Output	Performance Measure
Output 1.1 – Criminal Investigations – Border and International Network	Quality: Drug Harm Index; Client Satisfaction; Cases Resulting in a legal process. Quantity: Number of cases. Price: \$138.789m Target: 80%
Output 1.2 – Criminal Investigations – Economic and Special Operations	Quality: Estimated Financial Return; Client Satisfaction; Cases resulting in a legal process Quantity: Number of cases. Price: \$139.827m Target: 65%
Output 1.3 – Criminal Investigations – Terrorism	Quality: Client Satisfaction; Case hours by purpose. Quantity: Number of cases. Price: \$57.783m Target: 100%
Output 1.4 – International Deployment Services	Quality: Client Satisfaction; Case hours by purpose. Quantity: Number of resource hours delivered. Price: \$263.727m Target: 90%
Output 1.5 – Protection Services	Quality: Client Satisfaction; Avoidable incidents. Quantity: Number of protection movements. Price: \$208.984m Target: 85%
Output 1.6 – Aviation Services	Quality: Client Satisfaction. Resource hours by purpose. Quantity: Number of resource hours delivered Price: \$244.535m Target: 65%

Notes:

Clients – AFP Clients include Commonwealth, State and Territory agencies, and the representatives, embassies or agencies of foreign Governments to which AFP provides a service.

Target – Targets relate to each output's resources devoted to high or very high impact matters.

3.2.5 Evaluations for Outcome 1

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

- Business Planning, including regular Business Activity Analysis (BAA) of operations
- Action Plans
- The Case Categorisation and Prioritisation Model (CCPM)
- Services Targets and Client Satisfaction Surveys, and
- The Performance Improvement Cycle.

Where practical and appropriate, components of service delivery under various outputs are also benchmarked annually against international organisations and Organisation for Economic Co-operation Development (OECD) countries.

3.2.6 Evaluations for Outcome 2

The provision of community policing services to the ACT 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 4: Other reporting requirements

4.1 PURCHASER-PROVIDER ARRANGEMENTS

The AFP does not participate in purchaser-provider arrangements.

4.2 COST RECOVERY ARRANGEMENTS

The AFP applies the principles of the cost recovery guidelines to all of its revenue raising activities, although the majority of the AFP's cost recovery revenue relates to intra-Governmental arrangements which are exempt from the Commonwealth Cost Recovery Guidelines. The main cost recovery streams include:

- Criminal records information for non-criminal purposes to agencies, corporations and individuals
- Protection and guarding services, and
- Policing services to the ACT Government (Outcome 2).

Summary of cost recovery impact statement

In accordance with the Government's cost recovery policy, the AFP prepared and will release a cost recovery impact statement dated March 2007 titled *Review of Cost Recovery Arrangements of the Australian Federal Police*. The purpose of the cost recovery impact statement was to conduct a review consistent with the Government's five year review schedule of existing cost recovery arrangements and provide a comprehensive report to Government on such arrangements.

The AFP has carried out a cost recovery review in accordance with the requirements of the Government. The review consisted of an examination and analysis of existing cost recovery charges and an assessment of their compliance with the Australian Government Cost Recovery Guidelines (July 2005).

- Criminal history checks are currently provided by the AFP to a number of Government and external agencies. The delivery of this service may change over the next two years as some clients move to other arrangements. Cost recovery arrangements will be further reviewed as these circumstances change. In total, the cost recovery activities relating to criminal history checks are expected to realise revenues of \$18.100m in 2007-08.

- ACT Policing requirements are subject to an annually negotiated purchase agreement, and fees associated with the services provided are detailed within the AFP Act.

The review has confirmed that the cost recovery arrangements in place are consistent with the Cost Recovery Guidelines and that no amendments need to be made to the cost recovery arrangements other than the issue noted below.

The review found that current cost recovery arrangements remain appropriate, although a number of issues exist that may impact on future years. The AFP will continue to review its operations and will continue to assess the requirements for the introduction of new cost recovery arrangements in the context of new measures.

In addition to the above arrangements, as a result of the integration of the former Australian Protective Service (APS), a number of services in the Protection portfolio are provided by the AFP to other Government agencies on a fee-for-service basis. The APS had, prior to 2002, delivered its protective service functions entirely off budget. However, over recent years as result of Government decisions a range of activities have now become appropriation funded.

The remaining activities are directly recovered on a fee-for-service basis as, in each case, the beneficiaries of the service can be clearly identified. In determining those costs, direct expenses have been identified, overheads have been allocated and depreciation expenses appropriately apportioned. The pricing for these contracts is reviewed on an annual basis. The AFP fee structure for these services is subject to competitive neutrality principles, however this is currently under review. Consequently, these activities fall outside the Government's Cost Recovery Guidelines and have not been reviewed.

AFP's cost recovery arrangements are due to be reviewed again in 2012.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE (AGIE)

The AFP's programs contributing to Australian Government Indigenous Expenditures are outlined in Table 4.1.

Table 4.1: Australian Government Indigenous Expenditure

Outcome	Appropriations				Other \$'000	Total \$'000	Cross Reference
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special Approp \$'000	Total Approp \$'000			
	Outcome 1						
Australian Federal Police							
Departmental 2007-08	675	-	-	675	-	675	
<i>Departmental 2006-07</i>	<i>151</i>	<i>-</i>	<i>-</i>	<i>151</i>	<i>-</i>	<i>151</i>	
Total Outcome 2007-08	675			675		675	
Total Outcome 2006-07	151			151		151	
Outcome 2							
Australian Federal Police							
Departmental 2007-08	-	-	-	-	102	102	
<i>Departmental 2006-07</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>94</i>	<i>94</i>	
Total Outcome 2007-08	-	-	-	-	102	102	
Total Outcome 2006-07	-	-	-	-	94	94	
Departmental 2007-08	675	-	-	675	102	777	
<i>Departmental 2006-07</i>	<i>151</i>	<i>-</i>	<i>-</i>	<i>151</i>	<i>94</i>	<i>245</i>	
Total AGIE 2007-08	675	-	-	675	102	777	
Total AGIE 2006-07	151	-	-	151	94	245	

Section 5: Budgeted financial statements

5.1: ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Departmental

Income Statement

Total revenue for 2007-08 is estimated to be \$1,170.701m, an increase of \$61.950m from the previously published estimate of \$1,108.751m. The net increase is a result of:

- Appropriation revenue increase of \$42.595m, and
- Increase in goods and services revenue of \$19.355m.

For 2007-08 the Government has approved a number of new measures totalling \$38.798m, including depreciation of \$4.209m. A complete list of new measures is presented in Table 2.2. As detailed in the 2006-07 PSAES, the AFP will also receive funding of \$5.467m for the Cole Inquiry – possible criminal offences.

Appropriation Revenue

The net increase in Appropriation revenue of \$42.595m (to \$975.801m) since 2006-07 Additional Estimates is primarily due to the new 2007-08 Budget measures funding for reducing national e-security risk (\$2.670m), implementing the Anti-Terrorism Act (\$6.142m), strategy to prevent people smuggling (\$1.394m), AFP contribution to Afghanistan (\$2.595m), combating trafficking in persons expansion (\$2.682m), future operational systems (\$2.119m), combating illicit drugs - enhanced AFP investigative capacity (\$1.443m), combating illicit drugs - expansion of the AFP international liaison officer network (\$0.822m), AFP contribution for the UN Mission in Sudan (\$1.142m), intellectual property crime - investigation and prosecution (\$2.748m), aviation security accommodation (\$11.695m), and the AFP accommodation scoping study (\$3.346m). The net increase also incorporates the Cole Inquiry – possible criminal offences funding of \$5.467m provided to the AFP in the 2006-07 PSAES, and a decrease of \$1.670m due to changes in the WCI parameters.

Sales of Goods and Services

The increase in the sales of goods and services revenue for 2007-08 is due to increased funding for Outcome 2 (up by \$19.355m) resulting from ACT Government Initiatives.

Total expenses are estimated to be \$1,171.012m, an increase of \$61.950m from the previously published estimate of \$1,109.062m. This increase is related to the new measures funding.

Employee Expenses

The net increase to employees expenditure of \$24.499m on previously published figures is primarily due to the effect of new measures since 2006-07 PAES, as well as a decrease due to changes in the WCI parameters.

Supplier Expenses

The net increase to supplier expenditure of \$31.385m on previously published figures is primarily due to the effect of new measures since 2006-07 PAES.

Other Expenses

Other expenses relate to competitive neutrality payments to the Australian Taxation Office.

For the 2006-07 financial year, the AFP is anticipating an operating surplus of \$3.270m which is attributable to the transfer of the Australian Institute of Police Management building of \$1.650m from the Department of Finance and Administration as well as the recognition of the capital component of APEC (Canine) programme funded through the Attorney-General's Department (as required under the applicable Accounting Standards).

The estimated decrease in 2006-07 appropriations revenue since 2006-07 PAES of \$15.700m represents funding that is anticipated to be returned to Budget, relating to the Aviation Security measures.

Balance Sheet

The AFP's estimated 2007-08 net asset position of \$463.717m represents a net increase of \$46.367m against the previously published estimate. The increase is attributable to the capital measure funding, outlined below, as well as funding of \$0.361m for the Cole Inquiry Task Force, detailed in the 2006-07 PSAES.

The new 2007-08 Budget capital measures, totalling 46.006m, include funding for reducing national e-security risk (\$1.047m), implementing the *Anti-Terrorism Act (No. 2) 2005* (\$0.610m), strategy to prevent people smuggling (\$0.119m), future operational systems (\$5.376m), combating illicit drugs - enhanced AFP investigative capacity (\$0.113m), combating illicit drugs - expansion of the AFP international liaison officer network (\$0.076m), intellectual property crime - investigation and prosecution (\$0.719m), and aviation security accommodation (\$37.946m).

The AFP's major liability continues to be accrued employee entitlements (estimated to be \$144.845m in 2007-08).

Capital Budget

The AFP's estimated 2007-08 capital budget of \$154.660m represents a net increase of \$46.367m against the previously published estimate. The increase is attributable to the capital injection funding, presented in Table 2.2, as well as funding of \$0.361m for the Cole Inquiry Task Force, detailed in the 2006-07 PSAES.

The estimated capital outlays for 2006-07 have increased by \$13.000m from the previously published figure (to \$118.361m), reflecting internally funded asset replacement.

Budgeted departmental statement of cash flows

The statement of cash flows sets out the net cash received from operating activities, investment in assets (as reflected in the acquisition of non-financial assets), and financing activities in the form of equity injections from Government. Projected cash flows take into account the need to maintain staffing capabilities, wage cost increases and the capacity to cover asset replacements.

Administered

Schedule of Budgeted Revenues and Expenses

The Schedule of Budgeted Revenues and Expenses reflects the new administered funding of \$0.600m for 2006-07 provided to the AFP in the 2006-07 PSAES to administer funding for the Cole Inquiry Task Force.

5.2: BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement for the period ended 30 June

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000	Forward Estimate 2010-11 \$'000
INCOME					
Revenue					
Revenues from Government	873,580	975,801	981,318	1,032,348	1,021,023
Goods and services	201,814	194,900	199,292	203,366	203,366
Other revenues	1,620	-	-	-	-
Total revenue	1,077,014	1,170,701	1,180,610	1,235,714	1,224,389
Gains					
Net gains from sale of assets	13	13	13	13	13
Other	1,948	298	298	298	298
Total gains	1,961	311	311	311	311
Total income	1,078,975	1,171,012	1,180,921	1,236,025	1,224,700
EXPENSE					
Employees	560,318	626,211	665,230	710,210	707,836
Suppliers	450,492	455,130	413,484	409,688	391,862
Depreciation and amortisation	58,817	83,490	96,026	109,946	118,821
Other	6,078	6,181	6,181	6,181	6,181
Total expenses	1,075,705	1,171,012	1,180,921	1,236,025	1,224,700
Surplus (Deficit) before income tax	3,270	-	-	-	-
Income tax expense	-	-	-	-	-
Surplus/(Deficit)	3,270	-	-	-	-
Surplus (deficit) attributable to the Australian Government	3,270	-	-	-	-

Table 5.2: Budgeted departmental balance sheet as at 30 June

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000	Forward Estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash and equivalents	31,216	26,573	25,961	25,996	26,055
Receivables	346,998	372,377	408,762	459,677	513,428
Accrued revenues	1,456	1,468	1,479	1,490	1,501
Total financial assets	379,670	400,418	436,202	487,163	540,984
Non-financial assets					
Land and buildings	66,003	129,234	176,889	172,574	141,634
Infrastructure, plant and equipment	106,404	112,721	143,572	139,004	123,778
Inventories	2,998	2,998	2,998	2,998	2,998
Intangibles	18,412	20,034	26,028	29,952	34,523
Other	9,082	9,082	9,082	9,082	9,082
Total non-financial assets	202,899	274,069	358,569	353,610	312,015
Total assets	582,569	674,487	794,771	840,773	852,999
LIABILITIES					
Provisions					
Employees	139,274	144,845	150,639	156,665	162,932
Other	6,992	6,992	6,992	6,992	6,992
Total provisions	146,266	151,837	157,631	163,657	169,924
Payables					
Suppliers	54,224	50,638	46,654	46,643	40,376
Tax liabilities	3,579	3,579	3,579	3,579	3,579
Other payables	4,849	4,716	4,664	4,664	4,664
Total payables	62,652	58,933	54,897	54,886	48,619
Total liabilities	208,918	210,770	212,528	218,543	218,543
Net assets	373,651	463,717	582,243	622,230	634,456
EQUITY					
Parent entity interest					
Contributed equity	326,123	416,189	534,715	574,702	586,928
Reserves	12,406	12,406	12,406	12,406	12,406
Retained surpluses or accumulated deficits	35,122	35,122	35,122	35,122	35,122
Total parent entity interest	373,651	463,717	582,243	622,230	634,456
Total equity	373,651	463,717	582,243	622,230	634,456
Current assets	388,752	409,500	445,284	496,245	550,066
Non-current assets	193,817	264,987	349,487	344,528	302,933
Current liabilities	196,383	198,124	199,776	205,430	205,430
Non-current liabilities	12,535	12,646	12,752	13,113	13,113

Table 5.3: Budgeted departmental statement of cash flows for the period ended 30 June

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000	Forward Estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	201,814	194,900	199,292	203,366	203,366
Appropriations	862,452	938,129	932,681	969,233	967,272
Net GST received	12,200	12,200	12,200	12,200	12,200
Other	1,746	246	287	287	287
Total cash received	1,078,212	1,145,475	1,144,460	1,185,086	1,183,125
Cash used					
Employees	544,945	620,640	659,436	704,184	701,569
Suppliers	429,137	432,697	391,449	383,680	384,310
Net GST paid	32,200	32,200	32,200	32,200	32,200
Total cash used	1,006,282	1,085,537	1,083,085	1,120,064	1,118,079
Net cash from or (used by) operating activities	71,930	59,938	61,375	65,022	65,046
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	13	13	13	13	13
Total cash received	13	13	13	13	13
Cash used					
Purchase of property, plant and equipment	118,361	154,660	180,526	104,987	77,226
Total cash used	118,361	154,660	180,526	104,987	77,226
Net cash from or (used by) investing activities	(118,348)	(154,647)	(180,513)	(104,974)	(77,213)
FINANCING ACTIVITIES					
Cash received					
Appropriations – contributed equity	61,330	90,066	118,526	39,987	12,226
Total cash received	61,330	90,066	118,526	39,987	12,226
Cash used					
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	61,330	90,066	118,526	39,987	12,226
Net increase or (decrease) in cash held	14,912	(4,643)	(612)	35	59
Cash at the beginning of the reporting period	16,304	31,216	26,573	25,961	25,996
Cash at the end of the reporting period	31,216	26,573	25,961	25,996	26,055

Table 5.4: Departmental statement of changes in equity — summary of movement Budget year 2007-08

	Retained Earnings	Asset Revaluation Reserve	Contributed Equity/ Capital	Total Equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007				
Balance carried forward from previous period	35,122	12,406	326,123	373,651
Opening balance	35,122	12,406	326,123	373,651
Surplus (deficit) for the period	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-
Transactions with owners				
Appropriation (equity injection)	-	-	90,066	90,066
Sub-total transactions with owners	35,122	12,406	416,189	463,717
Estimated closing balance as at 30 June 2008	35,122	12,406	416,189	463,717

Table 5.5: Departmental capital budget statement

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000	Forward Estimate 2010-11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	61,330	90,066	118,526	39,987	12,226
Total capital appropriations	61,330	90,066	118,526	39,987	12,226
Represented by:					
Purchase of non-financial assets	61,330	90,066	118,526	39,987	12,226
Total represented by	61,330	90,066	118,526	39,987	12,226
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	61,330	90,066	118,526	39,987	12,226
Funded internally by departmental resources	57,031	64,594	62,000	65,000	65,000
Total	118,361	154,660	180,526	104,987	77,226

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement Budget year 2007-08

	Land	Buildings	Other Infrastructure Plant and Equipment	Computer Software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007					
Gross book value	492	72,722	152,988	40,914	267,116
Accumulated depreciation	-	(7,211)	(46,584)	(22,502)	(76,297)
Opening net book value	492	65,511	106,404	18,412	190,819
Additions:					
by purchase	-	74,942	71,667	8,051	154,660
Depreciation/amortisation expense	-	(11,711)	(65,350)	(6,429)	(83,490)
As at 30 June 2008					-
Gross book value	492	147,664	224,655	48,965	421,776
Accumulated depreciation	-	(18,922)	(111,934)	(28,931)	(159,787)
Estimated closing net book value	492	128,742	112,721	20,034	261,989

Table 5.7: Schedule of budgeted income and expenses administered on behalf of Government for the period ended 30 June

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000	Forward Estimate 2010-11 \$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	600	-	-	-	-
Total expenses administered on behalf of Government	600	-	-	-	-

Table 5.9: Schedule of budgeted administered cash flows for the period ended 30 June

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000	Forward Estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	600	-	-	-	-
Total cash received	600	-	-	-	-
Cash used					
Grant payments	600	-	-	-	-
Total cash used	600	-	-	-	-
Net cash from or (used by) operating activities	-	-	-	-	-
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at beginning of reporting period	-	-	-	-	-
Cash at end of reporting period	-	-	-	-	-

5.3 NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The AFP budgeted financial statements have been prepared in accordance with Australian Equivalents to International Financial Reporting Standards, Accounting Guidance Releases and having regard to Statements of Accounting Concepts.

Revenue from Government

Amounts appropriated for the AFP output for the year (adjusted for any formal additions and reductions) are recognised as revenue. Appropriations receivable are recognised at their nominal amounts.

Employee expenses and benefits

Employee expenses and benefits consist of salaries, leave entitlements, redundancy expenses and superannuation. Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Supplier expenses

Supplier expenses consist of ordinary operating costs (accommodation and utilities), administrative costs, consultants and contract costs and travel expenses.

Assets and liabilities

Assets are recognised in the AFP's balance sheet when it is probable that the future economic benefits will flow and the amounts of the assets can be reliably measured.

Liabilities are recognised in the AFP's balance sheet when it is probable that the future obligation will be incurred and the amounts of the liabilities can be reliably measured.

Cash and cash equivalents

Cash includes notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

Transactions with the Government as owner

Amounts appropriated which are designated as 'equity injections' for a year are recognised directly in Contributed Equity in that year.

Other Gains

Other gains comprise revenue received free of charge.