

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. 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 coordination of responses will be enhanced with the Australian Protective Service, established by the *Australian Protective Service Act 1987*, operating as a 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.

The 2002–03 Budget for the AFP provides:

- revenue from the Commonwealth Government totaling \$377.500m representing an increase (\$73.831m or 24.3%) on 2001–02 (when 2001–02 appropriation for the Australian Protective Service (APS) is included in the AFP's 2001–02 base for comparison purposes the increase is \$53.131m or 16.4%). Most of the increase relates to Commonwealth Government initiatives and new measures including those for counter-terrorism; and
- the transfer (\$66.406m revenue from other sources in 2002–03) of the APS from the Attorney-General's Department to the AFP.

Measures

The following measures address the Government's election commitments and build on a range of previously announced measures to strengthen Australia's ability to combat terrorism.

- *A safer more secure Australia:*
 - Expansion of Law Enforcement Cooperation Program – additional funding of \$47.0m over four years;
 - Double the strike team capacity of the Australian Federal Police – additional funding of \$47.0m over four years;
 - Extension of Project Axiom – additional funding of \$21.4m over four years to expand the Axiom undercover policing program;
 - Enhanced analytical and predictive crime capability for the Australian Bureau of Criminal Intelligence (ABCI) – additional funding of \$11.0m over four years;
 - Australian Federal Police rapid response capability – additional funding of \$7.2m over three years; and
 - Expand the research and development capability of the Australian Federal Police – additional funding of \$1.6m over four years.
- *Counter-terrorism:*
 - Enhancement of protective security services - additional funding of \$110.1m over four years (\$9.2m was provided in 2001–02);
 - Enhanced aviation security – additional funding of \$124.1m over four years (\$20.7m was provided in 2001–02);
 - Increased number of explosive detector dogs at Australian airports – additional funding of \$4.4m over four years;
 - Enhanced technical capacity – additional funding of \$11.0m over four years as part of a cross-agency measure involving the AFP, ASIO, and the National Crime Authority; and
 - E-security national agenda – additional funding of \$6.8m over four years as part of a cross-portfolio measure involving the AFP, the Attorney-General's Department, ASIO, the National Office for the Information Economy and the Defence Signals Directorate.

- *Tough on drugs*
 - Extension of the Heroin Signature Program to cocaine and amphetamines –additional funding of \$4.7m over four years.
- *Border Protection*
 - Provision of five boats to the Indonesian Police – additional funding of \$1.5m over four years.

Out-Year Impact of 2001-02 New Measures - enhancement of protective security services

In the 2001–02 additional estimates context the Government approved a measure on Protective Security and Counter Terrorism Crime Capacity to address the threats from terrorism. The 2002–03 Budget provides for the future years impact of the protective security services and counter-terrorism investigative capacity. As a result of the 11 September 2001 terrorist attacks, the Government is providing \$119.3m over five years (including the 2001–02 additional estimates provisions of \$6m in expenses and \$3.2m in capital).

Infrastructure Works

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's plans to enhance its infrastructure include the following projects:

- establishment of an operational headquarters that incorporates APS accommodation requirements;
- expansion of the AFP's college to meet the recruitment demands;
- development of a special purpose, technical operations/support training facilities;
- enhancement of the surveillance capability; and
- upgrade of the AFP's SAP financial and human resource management system and the AFP's internally developed PROMIS case management business system.

Outcome 1

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 illicit drugs trafficking, organised crime, serious fraud against the Commonwealth; money laundering and the interception of assets involved in, or derived from, these activities;
- providing counter-terrorist capacity including close personnel 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 at 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 some designated Government establishments; and
- providing counter terrorism first response capability in relation to the aviation industry.

The AFP continues to make a significant contribution across the Pacific region to the improvement of law enforcement capability and cooperation in relation to regional security and transnational crime. The AFP services the Government's commitment to ongoing peace monitoring in Cyprus and has police officers deployed on UN peace operations in East Timor.

Subject to passage of appropriate amendments to the Proceeds of Crime legislation, the AFP expects to enhance its role in seizing proceeds of illegal activity as a more strategic tool to combat organized criminal activity.

Service provision under the *Australian Protective Service Act 1987* is mostly delivered on a user-pays basis and subject to contractual arrangements with client bodies requiring guarding and security services.

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

- the Australian Bureau of Criminal Intelligence (ABCI);
- the Australasian Centre for Policing Research (ACPR); and
- the Australian Institute of Police Management (AIPM).

Outcome 2

An inter-government policing arrangement of March 2000 commits the AFP to provision of community policing services to the ACT Government until 2005 with a review of that agreement scheduled to commence in 2003. Service provision is based on full cost-recovery and is subject to Purchase Agreement arrangements negotiated annually between the ACT Government and the AFP. Performance measures set by the ACT Government are incorporated in the annual Purchase Agreement.

APPROPRIATIONS

The total appropriations for the AFP in the 2002–03 Budget are \$377.5m. That data along with the price of the respective Outputs contributing to each Outcome for the AFP is reflected in Table 1.1.

Table 1.2 provides a summary of the new measures relevant to AFP responsibilities that are introduced in the 2002–03 Budget.

ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

New measures for expansion of the overseas Liaison Officer network, doubling strike team capacity, extension of undercover policing activity, and rapid response capacity, incorporate aggregated departmental capital equity injections over the four years to 2005–06 of \$4.876m, \$3.780m, \$3.411m and \$0.843m respectively (details in Table 1.2).

The AFP does not have any administered items and will not receive any loans in 2002–03.

Australian Federal Police — Appropriations 2002- 03

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

Outcomes	Departmental (price of outputs)					Administered			Total appropriations	
	Revenue from government (appropriations)			Revenue from other sources	Price of outputs	Annual appropriations	Special approps	Total administered appropriations		
	Bill 1	Special approps	Total			Bill 1	Bill 2 (SPPs & NAOs)			
	(A)	(B)	(C=A+B)	(D)	(E=C+D)	(F)	(G)	(H)	(I=F+G+H)	(J=C+I)
Investigation and prevention of crime against the Commonwealth and protection of Commonwealth interests in Australia and overseas	377,500	-	377,500 82.2%	81,919	459,419	-	-	-	-	377,500
Policing activity creates a safe and secure environment in the ACT	-	-	-	78,909	78,909	-	-	-	-	-
Total	377,500	-	377,500	160,828	538,328	-	-	-	-	377,500
Non-operating: equity injections, loans and previous years' outputs									4,876	
Administered assets and liabilities									-	
Total appropriations									382,376	

Notes:

- Columns C, D, E and I refer to information provided in Table 2.1.1.
- Under the appropriation structure, Bill 2 includes appropriations for Specific Purpose Payments (SPPs), New Agency Outcomes (NAOs), administered assets and liabilities and equity injections, loans and previous years' outputs.
- Refer to Budgeted Departmental Statement of Financial Performance for application of agency revenue.
- Revenue from other sources includes other revenue from government (eg resources free of charge) and revenue from other sources (eg sales of goods and services). Non-appropriated departmental and administered revenues are detailed in Appendix 1.
- 82.2% in column C indicates the percentage contribution of revenue from government (departmental appropriations) to the total price of outputs, by outcome.

BUDGET MEASURES — AUSTRALIAN FEDERAL POLICE SUMMARY

Table 1.2: Summary of measures disclosed in the 2002-03 Budget

Measure	Outcome	Outputs affected	Appropriations Budget 2002-03 (\$'000)			Appropriations Forward Estimate 2003-04 (\$'000)			Appropriations Forward Estimate 2004-05 (\$'000)			Appropriations Forward Estimate 2005-06 (\$'000)		
			Dept outputs	Equity	Total	Dept outputs	Equity	Total	Dept outputs	Equity	Total	Dept outputs	Equity	Total
Expansion of the Law Enforcement Cooperation Program	1	1.3	3,750	3,000	6,750	11,750	1,000	12,750	13,750	-	13,750	13,750	-	13,750
Double the strike team capacity of the Australian Federal Police	1	1.1	5,021	-	5,021	13,572	1,000	14,572	12,706	2,000	14,706	12,739	-	12,739
Extension of Project Axiom	1	1.1	3,788	750	4,538	4,503	780	5,283	4,890	811	5,701	5,080	843	5,923
Enhanced aviation security*	1	1.4	30,500	-	30,500	30,800	-	30,800	31,200	-	31,200	31,600	-	31,600
Increased number of explosive detector dogs at Australian airports	1	1.4	1,100	-	1,100	1,100	-	1,100	1,100	-	1,100	1,100	-	1,100
Enhanced technical capacity	1	1.1	3,122	-	3,122	3,109	-	3,109	2,847	-	2,847	2,010	-	2,010
E-security national agenda	1	1.1	1,660	-	1,660	1,692	-	1,692	1,701	-	1,701	1,711	-	1,711
Enhanced analytical and predictive crime capability for the Australian Bureau of Criminal Intelligence	1	1.1	1,380	-	1,380	2,818	-	2,818	2,880	-	2,880	3,902	-	3,902

* \$20.7m was provided in 2001-02 for enhanced aviation security.

Table 1.2: Summary of measures disclosed in the 2002- 03 Budget (continued)

Measure	Outcome	Outputs affected	Appropriations Budget 2002-03 (\$'000)			Appropriations Forward Estimate 2003-04 (\$'000)			Appropriations Forward Estimate 2004-05 (\$'000)			Appropriations Forward Estimate 2005-06 (\$'000)		
			Dept outputs	Equity	Total	Dept outputs	Equity	Total	Dept outputs	Equity	Total	Dept outputs	Equity	Total
Australian Federal Police rapid response capability	1	1.1, 1.2	874	1,126	2,000	1,400	1,000	2,400	2,200	600	2,800	-	-	-
Extension of the Heroin Signature Program to cocaine and amphetamines	1	1.1	1,180	-	1,180	1,180	-	1,180	1,180	-	1,180	1,130	-	1,130
Expand the research and development capability of the Australian Federal Police	1	1.1, 1.2, 1.3	300	-	300	400	-	400	400	-	400	500	-	500
Provision of five boats to the Indonesian Police	1	1.3	859	-	859	221	-	221	224	-	224	226	-	226
Enhancement of protective security services *	1	1.2	27,124	-	27,124	27,408	-	27,408	27,693	-	27,693	27,942	-	27,942
Total			80,658	4,876	85,534	99,953	3,780	103,733	102,771	3,411	106,182	101,690	843	102,533

* \$9.2m was provided in 2001-02 for the enhancement of protective security services.

Section 2: Outcomes and outputs information

OUTCOMES AND OUTPUT GROUPS

The AFP has two outcomes:

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

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

Financial and non-financial information is provided as follows:

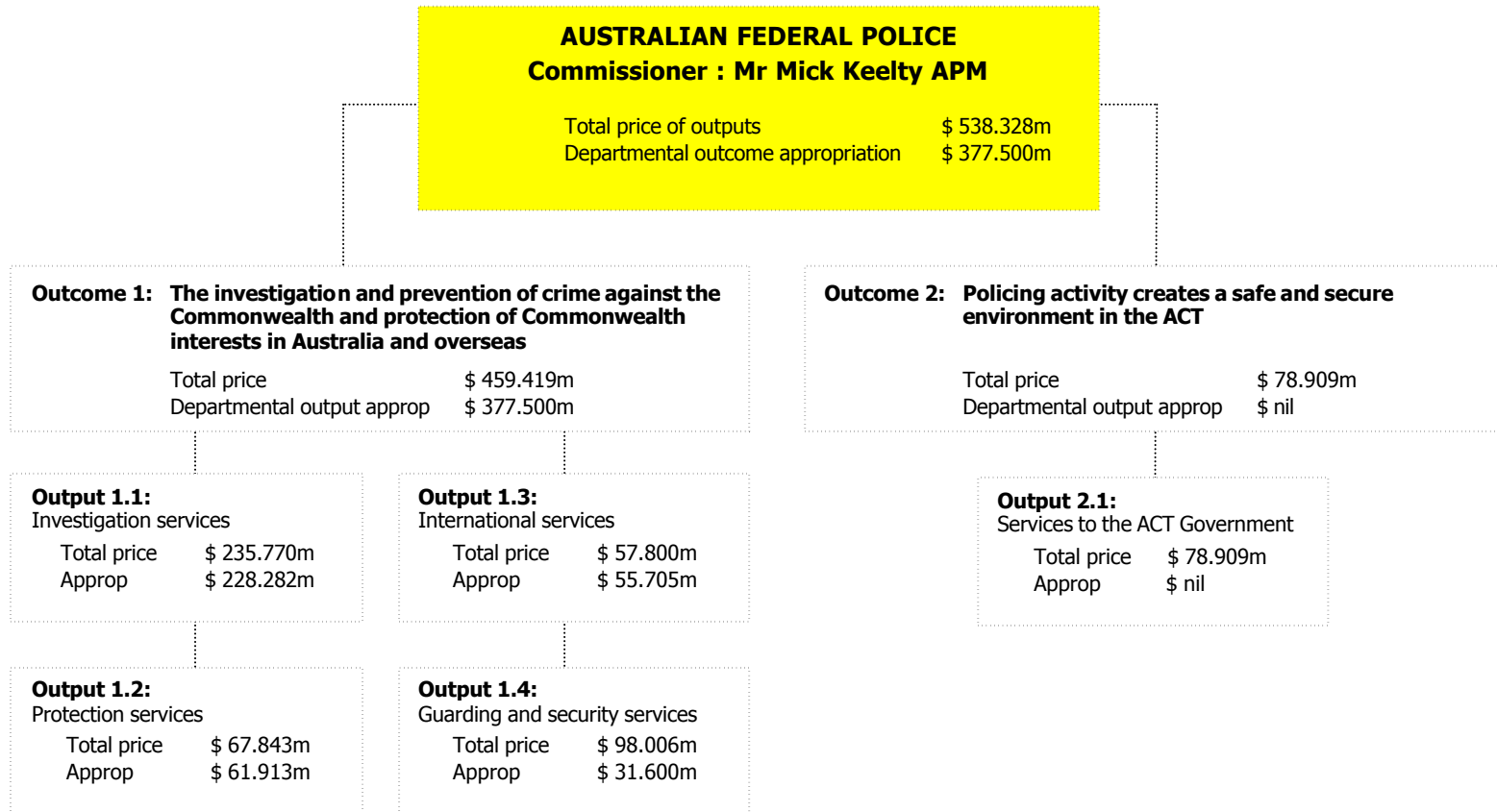
- Map 2.1 - details outcome and output resourcing and illustrates the relationship between the outcomes and contributing outputs.
- Table 2.1.1 - details financial information for Outcome 1.
- Table 2.2.1 - details non-financial information for Outcome 1.
- Table 2.1.2 - details financial information for Outcome 2.

CHANGES TO OUTCOMES AND OUTPUTS

The Australian Protective Service (APS) transfers from the Attorney-General's Department to the AFP as at 1 July 2002. The APS is integrated into the AFP as a new division in the organisation structure and its functions warrant the creation of a new and specific Output 1.4 – Guarding and Security Services – under the AFP's existing Outcome 1.

Table 1.1 reflects the revised Outcome 1 structure incorporating this new output.

Map 2.1: Outcome and output groups



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

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.

MEASURES AFFECTING OUTCOME 1

The measures in the 2002–03 Budget for outcome 1 are:

Expansion of the Law Enforcement Cooperation Program

The Government will provide additional funding of \$47.0m over four years to expand the Law Enforcement Cooperation Program (LECP). The additional funding comprises \$43.0m over four years for expenses and \$4.0m over two years for capital.

This measure will fund an additional 16 strategically placed AFP officers overseas. The program will enhance cooperation with overseas law enforcement agencies. This will increase the flow of intelligence information on activities that may impact adversely on Australian interests.

Expansion of the LECP will significantly enhance community protection from transnational criminal threats and limit the costs to businesses from a range of criminal syndicates. The capacity of criminals to perpetrate serious crime across national borders has increased dramatically over the last decade. Impacts of transnational crime experienced by Australia are evidenced in terms of substantial increases in the seizure of illicit substances and in the counterfeiting of identity documents. There is also a well documented increase in the incidence of unauthorized arrivals, particularly those aided by people smugglers. In addition, there is an increased threat from international fraud, money laundering and E-crime.

While east and south-east Asia remain the areas for primary focus of the law enforcement cooperation activities there is also a transnational crime impact on Australia from other regions including south-west Asia, South America, the Middle East and Africa. The AFP will enhance its liaison and cooperation involvement with the appropriate law enforcement authorities in those regions. Police cooperation with overseas law enforcement authorities and the associated increased intelligence gathering and sharing will significantly enhance community protection from transnational criminal threats.

Double the strike team capacity of the Australian Federal Police

The Government will provide additional funding of \$47.0m over four years to double the AFP's strike team capacity. The additional funding comprises \$44.0m over four years for expenses and \$3.0m over 2003–04 and 2004–05 for capital.

The funds will provide for the deployment of an additional 116 AFP officers around Australia. The strike teams respond to crimes such as people smuggling, terrorism and politically motivated violence.

This measure will significantly enhance community protection from transnational criminal threats and potential acts of terrorism. It will build on the success of the 'Avian' mobile strike teams established under the Government's National Illicit Drugs Strategy (NIDS) program. The impact of the 11 September 2001 terrorism acts underpins a need for the establishment of two strike teams in 2002–03.

Extension of Project Axiom

The Government will provide an additional \$21.4m over four years to expand the Axiom undercover policing program. The additional funding comprises \$18.3m over four years for expenses and \$3.1m over four years for capital.

This funding will enable the AFP to conduct more effective targeted operations into a wide range of criminal activities such as money laundering, people smuggling, illicit drug trafficking and electronic crime.

Enhancement of protective security services

The Government will provide additional funding of \$110.1m over four years (in addition to \$9.2m provided in 2001–02) to the AFP to meet the costs associated with increased security including close personal protection services and counter-terrorism crime capacity.

The Government provided additional funding of \$9.2m in 2001–02 for the enhancement of protective security services, in response to the 11 September 2001 terrorist attacks. This funding comprised \$6.0m for expenses and \$3.2m for capital. The capital funding was provided for light armed vehicles and equipment purchases to increase close personal protection services and enhance counter-terrorism crime capacity.

Enhanced aviation security

The Government will provide additional funding of \$124.1m over four years (in addition to \$20.7m provided in 2001–02) to the Australian Protective Service (APS). This funding will enhance aviation security arrangements by upgrading security at Australia's airports and implementing the Air Security Officer (ASO) program. The program involves the placement of specially trained officers on domestic and international flights. This will provide greater deterrence against potential attacks on Australian airports and domestic flights.

The upgrading of physical security at major airports commenced in 2001–02 following the 11 September 2001 terrorist attacks. It leverages the existing resources and facilities based at Australia's 11 main airports as part of the counter-terrorism first response capability.

The ASO program is an integral component to the broader approach to aviation security. The program is designed to primarily act as a deterrent to potential acts of terrorism during air travel. Agreement has been reached between the Commonwealth, Qantas and Virgin Blue for the funding of Air Security Officer seats on aircraft. Airport operators, airlines, airport tenants and the travelling public will benefit from the enhanced deterrent and response capability.

Increased number of explosive detector dogs at Australian airports

The Government will provide \$4.4m over four years for additional explosive detection capability by increasing the number of explosive detector dogs at Australian airports.

Additional dogs that detect explosives will contribute to security at Australian airports and provide a higher threat deterrent. It is a component of the overall upgrade of airport physical security and will add to public reassurance in the safety of the Australian aviation industry.

Enhanced technical capacity

The Government will provide additional funding of \$11.0m over four years to the AFP to fund the further development of technical investigative capacity to strengthen intelligence and detection in relation to terrorist threats. The additional funding for the AFP is a component of a cross-agency measure totalling \$49.0m over four years involving the AFP, the Australian Security Intelligence Organisation and the National Crime Authority.

This measure is a renewal of resourcing that commenced in 1994–95. This measure ensures that the AFP, in conjunction with the Australian Security Intelligence Organisation and National Crime Authority, has the ability to continue to improve its capacity to undertake technical intelligence investigations.

E-security national agenda

The Government will provide additional funding of \$6.8m over four years to the AFP as part of the cross-portfolio measure to improve security awareness and management of the national information infrastructure (NII). The e-security national agenda is designed to protect Australia's critical information technology infrastructure from attack.

The total funding for this cross-portfolio measure is \$24.9m over four years (expense and capital) involving the AFP, the Attorney-General's Department, the Australian Security Intelligence Organisation, the National Office for the Information Economy and the Defence Signals Directorate. The National Office for the Information Economy will contribute \$1.0m over four years but absorb the cost within existing resources.

The AFP will respond to a growing demand from the public and private sectors, international law enforcement agencies, and the general community to e-security incidents by expanding its NII incident analysis and response capability.

Enhanced analytical and predictive crime capability for the Australian Bureau of Criminal Intelligence (ABCI)

The Government will provide additional funding of \$11.0m over four years for the implementation and management of an automated screening and crime recognition facility within the Australian Law Enforcement and Targeting System (ALERT). This facility will allow ALERT to automatically compare intelligence data with information held in the Australian Criminal Intelligence Database (ACID).

This cost effective automated screening and crime recognition facility enables new intelligence to be automatically and continually compared with existing information on the Australian Criminal Intelligence Database. It enhances the analytical and predictive crime capability for the ABCI and provides intelligence officers and investigators with the capacity to evaluate search results at district, region or national levels.

Australian Federal Police rapid response capability

The Government will provide additional funding of \$7.2m over three years to the AFP for the ongoing costs associated with improved access to telecommunications infrastructure in remote locations. The additional funding comprises \$4.5m over three years for expenses and \$2.7m over three years for capital.

These funds will provide investigators in remote locations with real-time access to the AFP's computer infrastructure, including increased network access; radio communications; and a multi-user telephone system.

The technical and communications platforms and facilities that are available in cities will be available in regional and rural areas of Australia to increase the AFP's rapid response capability. This enhances AFP capability for deployment of remote offices or command posts and ensures business continuity when operations are conducted away from the communications infrastructure that exists in populated areas.

Extension of the National Heroin Signature Program (NHSP) to cocaine and amphetamines

The Government will provide additional funding of \$4.7m over four years to extend the profiling capabilities of the National Illicit Drug Strategy to cocaine and amphetamines, following the success of the NHSP. The NHSP carries out physical and chemical analysis of heroin seizures (including packaging) in order to construct a better intelligence picture of where the drugs are coming from facilitating improved use of police resources in targeted operations.

Cocaine was the second most common illicit drug (after heroin) to be seized by the AFP between November 1997 and June 2001. In 2000–01 the total weight of seized cocaine exceeded the total weight of seized heroin. A continuing increase in the popularity of amphetamine type substances such as MDMA leads to a likely increase in illegal importation driven both by trafficker targeting and consumer demand. Drug signature analysis enables determination of drug origins and trends in seizures and trafficking from source countries. It enables the AFP to ascertain the level of individual offender involvement in existing and potential trafficking networks and will enhance community protection from transnational crime.

Expand the research and development capability of the Australian Federal Police

The Government will provide \$1.6m over four years to expand the research, forensic science and development capabilities of the AFP. This measure will ensure that the AFP is able to keep pace with new and emerging forensic techniques and technologies for use in areas such as information technology and electronic crime.

Expanded research and development capability will enable the AFP to keep pace with international developments in investigation and have access to the best technologies in the world. The focus is on forensic investigation, IT, electronic crime and other technical operations. This funding will enable expansion and formalisation of strategic partnerships that the AFP has developed with a number of academic institutions and the sponsoring of relevant research by graduate students. This initiative enhances community protection from transnational criminal threats and will limit the costs to business from a range of criminal activities and syndicates.

Provision of five boats to the Indonesian Police

The Government will provide a grant of \$1.5m over four years for the supply of five boats to the Indonesian National Police. The boats will assist Indonesian efforts to curb people smuggling activities.

Output 1.1 – Investigation Services

The AFP provides the Commonwealth with a flexible, reactive 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 Australian Bureau of Criminal Intelligence, Australasian Centre for Police 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; and
- ensure there is a national response where criminal activity impinges on national security and/or is of a trans-jurisdictional character.

The AFP has seven crime management strategies under this output that address illicit drugs, economic crime, international operations in strategic partnership arrangements with overseas law enforcement agencies, protection of Australian systems and institutions, security threats, people smuggling and environmental crime. Crime management recognises that criminal groups can be involved in a range of offences involving various illicit commodities at different times. Those crime management strategies identify and prioritise high impact problems confronting Australia. They support the AFP's business planning cycle and are a means of more closely integrating intelligence, operational activity and policy development under each main crime category.

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 overseas and in Australia, administrative and legal reform, and recovery of the proceeds of crime.

Advances in technology and communications have enabled globalisation and deregulation of markets and commerce, greater international and regional interdependencies, 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 attacks the financial base of crime by identifying, restraining and confiscating proceeds of crime, with recovery of proceeds an essential element in planning of all major operations. Irrespective of the type of criminality involved, successful investigative activities usually result in:

- disruption of the criminal environment through apprehension of offenders;
- seizure of drugs and property, or removal of illicit products from the market; and
- recovery of proceeds of crime, which then are no longer available to finance criminal activities.

As well as investigating serious and complex crimes, the AFP also undertakes a number of strategically targeted investigations into routine matters to ensure there is a credible criminal law deterrent to more minor breaches of Commonwealth legislation and thus an increase in compliance.

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. Service agreements are in place with several agencies and they are provided with access to AFP expertise and training through outposting of federal agents that facilitates the mutual transfer of skills and knowledge. The presence of these agents also provides ready access to police powers, such as the execution of search warrants and arrests.

That policy, combined with application of the AFP's Case Categorisation and Prioritisation Model ensures that AFP resources are most effectively directed to investigations and other matters that genuinely fall within the AFP's charter. This has resulted in a decrease in the number of matters being rejected by the AFP for investigation, reflecting the assistance given to agencies to better assess criminal cases before referring them to the AFP.

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.

Supporting Law Enforcement Agencies

The Australian Bureau of Criminal Intelligence (ABCI) provides a cooperative national criminal intelligence service to Australian law enforcement and regulatory agencies. The ABCI undertakes a range of national activities that include provision of information relating to illicit drug activity, paedophilia and child sexual abuse, fraud and electronic-crime and organised criminal groups. ABCI activities directly support joint National Crime Authority/AFP investigations in relation to these and other crime priorities.

The Australasian Centre of Police Research (ACPR) 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 (AIPM) 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 Australia of 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 a major national event.

In delivering CPP services the AFP maintains close liaison with partner agencies at the State and 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 national security intelligence program is primarily directed at protecting Commonwealth interests and centrally monitors and directs identified security intelligence investigations. Regular contact with the diplomatic and consular community is maintained across Australia in order to provide 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. That reporting system also provides a valuable tool for the dissemination of bomb data intelligence in a timely and efficient manner.

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;
- provide an effective contribution to Australia's commitments to international peace operations; and
- provide community policing services to the Commonwealth's external territories.

AFP activities include:

- maintenance of an overseas liaison officer network that facilitates a diverse range of law enforcement activities between Australia and foreign law enforcement agencies and organisations;
- operation of the Australian National Central Bureau (NCB) for the International Police Organisation (Interpol);
- contribution to Australia's commitments to international peace operations;
- provision of policing services to Australia's external territories; and,
- international collaboration through programs funded by the LECP.

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 liaison officers located in several countries throughout the world. That pro-active capacity enhances combat of the increasing complexity and sophistication of transnational criminal activity.

The arc of instability, which extends through Australia's northern and north-eastern neighbours, is increasingly becoming a flashpoint of civil, political and economic instability. 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 heightened level of terrorist activity. There is no indication that this unsettled environment will improve or the occurrence of related criminal activity will abate - even in the long term.

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

The AFP is currently represented on Interpol's Executive Committee and provides Australian state and territory police jurisdictions with Interpol National Central Bureau services. The AFP has a liaison officer detached to the Regional and National Police Services Directorate, Interpol, Lyon and also has a liaison officer posted to the Interpol Regional Office, Bangkok. This service contributes effectively to international law enforcement interests by providing an interface with the other 178 member countries of Interpol and facilitating access by South Pacific countries to the Interpol worldwide network that operates 24 hours a day, 7 days a week.

The AFP provides police officers to assist the United Nations with the Transitional Administration process in East Timor. Several federal agents are also deployed to peace operations in Melanesia including the Solomon Islands. Australia has 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.

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 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. The demand for the AFP's services in the Indian Ocean Territories (IOTs) of Christmas and Cocos Islands has increased with new developments such as the proposed space centre, increased illegal immigration and the establishment of detention camps since the IOTs were excluded from Australia's migration zone.

The Law Enforcement Cooperation Program (LECP) provides capacities for the AFP to undertake a wide range of operational projects and training with partner agencies with a wide range of benefits:

- 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 foreign 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

Service delivery is provided by the Australian Protective Service business unit that is being transferred, as an operating division, to the AFP from the Attorney-General's Department on 1 July 2002.

Protective security services are delivered in accordance with provisions of the *Australian Protective Service Act 1987* under user-pays business arrangements. User-pays functions include the provision of guarding, advice, training and related specialist services such as risk management reviews, security systems and personnel vetting. Since 11 September 2001 service delivery has been expanded to include a range of budget funded activities specific to the security of Australia's aviation passenger industry.

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 guarding services at premises considered by the Government to be at some risk;
- provision of specialised protective security advisory, training, monitoring and consultancy services; and
- provision of a counter-terrorist first-response role at major airports and a deterrent to any attempt to disrupt Australia's in-flight passenger safety.

The Government has a responsibility under international law to provide protection to diplomatic and consular missions that is consistent with the level of assessed risk. Those services are delivered on a user-pays basis as are guarding and security services provided at parliamentary offices and designated Government establishments.

Associated functions available under the user-pays regime include:

- training services, eg personnel safety, bomb threat management and security x-ray screening;
- advisory services, eg risk management reviews, security system design and specification; and
- specialist services, eg personnel security vetting, building security systems and fire alarm systems monitoring.

Strategic alliances have been developed with education and business organisations and there are panels of approved service providers should service demand exceed internal service delivery capacity.

An enhanced first-response role is provided in the delivery of physical security services at designated airports. Security of Australia's aviation passenger industry is enhanced by provision of more explosives detector dogs and introduction of the Air Security Officer (ASO) program following 11 September 2001.

OUTCOME 1 — RESOURCING

Table 2.1.1 shows how the 2002–03 appropriations translate to total resourcing for the AFP for Outcome 1: Revenue from Government (appropriations), Revenue from Other Sources and the Total Price of Outputs.

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

	Estimated Actual 2001–02 (\$'000)	Budget Estimate 2002–03 (\$'000)
DEPARTMENTAL APPROPRIATIONS		
Output 1.1: Investigation Services	216,783	228,282
Output 1.2: Protection Services	34,575	61,913
Output 1.3: International Services	52,311	55,705
Output 1.4: Guarding and Security Services	-	31,600
Total revenue from government (appropriations) contributing to price of departmental outputs	303,669 93%	377,500 82%
REVENUE FROM OTHER SOURCES		
Output 1.1: Investigation Services	9,171	7,488
Output 1.2: Protection Services	5,886	5,930
Output 1.3: International Services	7,263	2,095
Output 1.4: Guarding and Security Services	-	66,406
Total revenue from other sources	22,320	81,919
PRICE OF DEPARTMENTAL OUTPUTS		
Output 1.1: Investigation Services	225,954	235,770
Output 1.2: Protection Services	40,461	67,843
Output 1.3: International Services	59,574	57,800
Output 1.4: Guarding and Security Services	-	98,006
Total price of departmental outputs (Total Revenue from Government and Other Sources)	325,989	459,419
Total estimated resourcing for outcome 1 (Total Price of Outputs and Administered Expenses)	325,989	459,419
AVERAGE STAFFING LEVEL	2,118	3,364

Note: Estimated Actual 2001–02 figures do not include the Australian Protective Service (APS). APS Estimated Actual 2001–02 data is reported under the Attorney-General's Department.

OUTCOME 1 — PERFORMANCE INFORMATION

Outcome Measurement

Outcome 1 is the investigation and prevention of crime against the Commonwealth and the protection of Commonwealth interests in Australia and overseas. The main priorities for the outcome are:

- 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, East Timor and in Melanesia including the Solomon Islands;
- cooperation and collaboration with law enforcement partners in the fight against transnational crime and to counter-terrorism; and
- provision of guarding and security services consistent with the Government's interests, including a counter-terrorism first-response and deterrent role for Australia's aviation passenger industry.

Outcome 1 is measured through three key performance indicators:

- disruptive effects of AFP operations on the criminal environment nationally and internationally (including, from 1 July 2002, guarding and security services and a counter-terrorism first-response role for Australia's aviation passenger industry);
- level of client satisfaction with AFP service provision; and
- cost effectiveness of AFP service delivery results.

Output Measurement

Output 1.1 - Investigation Services

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 Government;
- protect the integrity of national economic and social institutions and the environment; and
- ensure there is a national response where criminal activity impinges on national security and/or is of a trans-jurisdictional character.

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 independently conducted survey each year. The cost effectiveness of service delivery is measured through financial analysis and benchmarking. All aspects of performance are tested in the cyclical conduct of an Output Pricing Review.

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:

- the prevention of avoidable incidents;
- the level of client satisfaction with AFP Protection Services; and
- the cost effectiveness of service delivery.

The prevention of avoidable incidents is indicated by the relationship between the number of official movements as measured against the number of potential incidents. Client satisfaction is assessed through independent annual conduct of a client satisfaction survey. The cost effectiveness of service delivery is measured through financial analysis and benchmarking. All aspects of performance are tested in the cyclical conduct of an Output Pricing Review.

Output 1.3 - International Services

The objectives of this output are to:

- facilitate an effective AFP contribution and response to international law enforcement efforts;
- 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; and
- provide community policing services to the Commonwealth's external territories.

The output is measured through:

- extent to which Commonwealth international obligations are met;
- client satisfaction with 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. All aspects of performance are tested in the cyclical conduct of an Output Pricing Review.

Output 1.4 Guarding and Security Services

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.

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.

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	
Output description	Performance measure
Outcome 1: The investigation and prevention of crime against the Commonwealth and protection of Commonwealth interests in Australia and overseas	Price: \$ 459.419m Quality: Disruptive effect of AFP operations on the criminal environment nationally and internationally Client satisfaction with AFP services Quantity: Number of cases Target: 65% of available resources employed in High/Very High Impact cases
Output 1.1: Investigation Services	Price: \$ 235.770m Quality: Disruptive effect of AFP investigations on the criminal environment. Client satisfaction with AFP investigations Quantity: Number of criminal investigations Target: 65% of available resources employed in High/Very High Impact cases
Output 1.2: Protection Services	Price: \$ 67.843m Quality: Prevention of avoidable incidents. Client satisfaction with protection services Quantity: The number of protection services Target: 70% of available resources employed in High/Very High Impact cases
Output 1.3: International Services	Price: \$ 57.799m Quality: Extent to which Commonwealth international obligations are met. Client satisfaction with international services Quantity: Number of international services Target: 65% of available resources employed in High/Very High Impact cases
Output 1.4: Guarding and Security Services	Price: \$ 98.006m Quality: Prevented attempts to disrupt the safety of Australia's aviation passenger industry and client and stakeholder satisfaction Quantity: Volume of contracted security and related specialist services Target: 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

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

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 and extends until 2005. That 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.

MEASURES AFFECTING OUTCOME 2

As Outcome 2 relates directly to the purchaser-provider agreement between the AFP and the ACT Government, appropriation measures from the Federal Government have no effect on the outcome.

OUTCOME 2 — RESOURCING

Table 2.1.2 shows how the 2001–02 appropriations have no impact on total resourcing for the AFP for Outcome 2. Resourcing, and thus the total price of the outputs consists solely of revenue from other sources (ACT Government). There is no direct revenue from the Federal Government (appropriations).

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

	Estimated Actual 2001–02 (\$'000)	* Budget Estimate 2002–03 (\$'000)
DEPARTMENTAL APPROPRIATIONS		
Output 2.1 - Services to the ACT Government	-	-
Total revenue from Government (appropriations) contributing to price of departmental outputs	0%	0%
REVENUE FROM OTHER SOURCES		
ACT Government	77,546	78,909
Total revenue from other sources	77,546	78,909
Total price of departmental outputs (Total revenue from Government and other sources)	77,546	78,909
Total estimated resourcing for Outcome 2 (Total price of outputs and administered expenses)	77,546	78,909
AVERAGE STAFFING LEVEL	749	802

Note:

* Indicative estimate pending finalisation of annual negotiations between the ACT Government and the AFP.

OUTCOME 2 — PERFORMANCE INFORMATION

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 the annual Purchase Agreement.

EVALUATION

Outcome 1

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. The AFP participates in the cyclical Output Pricing Review process.

Outcome 2

The user-pays 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 against measures and associated targets set by the ACT Government, is subject to independent audit.

Section 3: Budgeted Financial Statements

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

	Note	Estimated Actual 2001-02 \$'000	Budget Estimate 2002-03 \$'000	Forward Estimate 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000
Revenues from ordinary activities						
Revenues from government	1	303,669	377,500	399,393	370,128	371,895
Sales of goods and services	2	97,546	159,315	162,201	165,184	165,967
Net gains from sales of assets		20	13	13	13	13
Other	3	2,300	1,500	1,500	1,500	1,500
Total revenues from ordinary activities		403,535	538,328	563,107	536,825	539,375
Expenses from ordinary activities (excluding borrowing costs expense)						
Employees	4	232,000	332,210	346,503	329,882	330,869
Suppliers		134,348	176,551	186,139	175,954	177,588
Depreciation and amortisation		16,714	18,808	19,706	20,230	20,159
Other	5	5,883	5,969	5,969	5,969	5,969
Total expenses from ordinary activities (excluding borrowing costs expense)		388,945	533,538	558,317	532,035	534,585
Borrowing costs expense		-	-	-	-	-
Net surplus or (deficit) from ordinary activities		14,590	4,790	4,790	4,790	4,790
Gain or loss on extraordinary items		-	-	-	-	-
Net surplus or (deficit)		14,590	4,790	4,790	4,790	4,790
Capital use charge		(4,790)	(4,790)	(4,790)	(4,790)	(4,790)
Net surplus or (deficit) after capital use charge	6	9,800	-	-	-	-

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

Note	Estimated Actual 2001–02 \$'000	Budget Estimate 2002–03 \$'000	Forward Estimate 2003–04 \$'000	Forward Estimate 2004–05 \$'000	Forward Estimate 2005–06 \$'000	
ASSETS						
Financial assets						
	Cash	25,322	18,225	18,586	18,239	18,223
	Receivables	22,493	24,032	19,043	19,242	19,242
	Accrued revenues	249	249	249	249	249
	Total financial assets	48,064	42,506	37,878	37,730	37,714
Non-financial assets						
	Land and buildings	7,548	28,385	30,469	33,300	33,425
7	Infrastructure, plant and equipment	68,267	71,978	72,254	71,923	71,638
	Intangibles	7,326	10,840	11,033	10,973	10,759
	Other	18,285	8,457	8,376	8,345	8,324
	Total non-financial assets	101,426	119,660	122,132	124,541	124,146
	Total assets	149,490	162,166	160,010	162,271	161,860
LIABILITIES						
Debt						
8	Loans	-	-	-	-	-
	Other	-	-	-	-	-
	Total debt	-	-	-	-	-
Provisions and payables						
	Employees	72,508	76,416	71,416	71,416	71,416
	Suppliers	5,000	5,000	5,000	5,000	5,000
	Other	11,730	12,043	11,107	9,957	8,703
	Total provisions and payables	89,238	93,459	87,523	86,373	85,119
	Total liabilities	89,238	93,459	87,523	86,373	85,119
EQUITY						
9	Capital	125,203	133,951	137,731	141,142	141,985
	Reserves	13,284	14,172	14,172	14,172	14,172
	Accumulated surpluses or (deficits)	(78,235)	(79,416)	(79,416)	(79,416)	(79,416)
	Total equity	60,252	68,707	72,487	75,898	76,741
	Liabilities and equity	149,490	162,166	160,010	162,271	161,860

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

Note	Estimated Actual 2001-02 \$'000	Budget Estimate 2002-03 \$'000	Forward Estimate 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000
OPERATING ACTIVITIES					
Cash received					
	303,669	377,500	399,393	370,128	371,895
	99,543	160,527	170,218	173,141	174,200
14	8,662	6,682	7,591	6,420	6,497
	2,300	1,500	1,500	1,500	1,500
Total cash received	414,174	546,209	578,702	551,189	554,092
Cash used					
	235,573	332,549	351,503	329,882	330,869
11	148,722	189,506	202,613	191,649	193,551
12	5,883	5,969	5,969	5,969	5,969
Total cash used	390,178	528,024	560,085	527,500	530,389
Net cash from operating activities	23,996	18,185	18,617	23,689	23,703
INVESTING ACTIVITIES					
Cash received					
	20	13	13	13	13
	-	10,000	-	-	-
Total cash received	20	10,013	13	13	13
Cash used					
	49,896	43,550	22,259	22,670	19,785
13	10,000	-	-	-	-
Total cash used	59,896	43,550	22,259	22,670	19,785
Net cash from investing activities	(59,876)	(33,537)	(22,246)	(22,657)	(19,772)
FINANCING ACTIVITIES					
Cash received					
14	3,237	9,876	8,780	3,411	843
		4,247			
Total cash received	3,327	14,123	8,780	3,411	843
Cash used					
	-	-	-	-	-
	3,712	5,868	4,790	4,790	4,790
	-	-	-	-	-
Total cash used	3,712	5,868	4,790	4,790	4,790
Net cash from financing activities	(475)	8,255	3,990	(1,379)	(3,947)
Net increase in cash held	(36,355)	(7,097)	361	(347)	(16)
	61,677	25,322	18,225	18,586	18,239
Cash at the end of the reporting period	25,322	18,225	18,586	18,239	18,223

Table 3.4: Departmental Capital Budget Statement

	Estimated Actual 2001–02 \$'000	Budget Estimate 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
AFPAS	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	46,659	38,674	18,479	19,259	18,942
Total	49,896	43,550	22,259	22,670	19,785

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

	Land	Buildings	Total land and buildings	Infrastructure plant and equipment \$'000	Intangibles	Total
	\$'000	\$'000	\$'000		\$'000	\$'000
Carrying amount at the start of year	5,622	2,274	7,896	70,908	7,657	86,461
Additions	-	21,000	21,000	15,550	7,000	43,550
Disposals	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-
Depreciation/amortisation expenses	-	(511)	(511)	(14,480)	(3,817)	(18,808)
Write-off of assets	-	-	-	-	-	-
Carrying amount at the end of year	5,622	22,763	28,385	71,978	10,840	111,203
Total Additions						
Self funded	-	21,000	21,000	10,674	7,000	38,674
Appropriations	-	-	-	4,876	-	4 876
Total	-	21,000	21,000	15,550	7,000	43,550

NOTES TO THE FINANCIAL STATEMENTS

Budgeted Statement of Financial Performance

1. Revenues from Government

The 2002–03 appropriation revenue from government of \$377.500m is an increase of \$81.194m from the previous 2002–03 forward year price of \$296.306m (see 2001–02 PAES). The increase is represented by total new measures of \$80.658m in 2002–03 (see Table 1.2 - summary of measures, at Section 1), a parameter adjustment reduction of \$0.273m to price and wage indices and a depreciation adjustment of \$0.809m. The change from 2002–03 to 2003–04 is primarily due to increases in LECP (\$8.000m) and Double Strike Team capacity (\$8.551m) funding. The decrease in funding from 2004–05 onwards reflects the lapsing resourcing for Peace Monitoring – East Timor and Solomon Islands (\$26.0m), Unauthorised arrivals (\$4.1m) and the Expansion of the AFP presence in Melanesia (\$4.1m).

2. Sales of goods and services

Increased revenue from the sale of goods and services in 2002–03 and the out years consists of two major components.

- the agreed price with the ACT Government for community policing services (\$78.909m in 2002–03) and,
- additional estimated revenue reflecting the transfer of the Australian Protective Service (APS) function to the AFP (\$66.406m in 2002–03).

3. Other revenue

This reflects estimates for interest revenue received. Seized monies (e.g. proceeds of crime) are paid into Consolidated Revenue and held in trust on behalf of the Commonwealth. They are not deemed to be, or associated with, AFP revenue.

4. Employees Expenses

An increase (\$100.210m) in employee expenses in 2002–03 includes \$77.579m reflecting the transfer of the APS function to the AFP from the Attorney General's Department as from 1 July 2002. The remainder is a result of a planned expansion of AFP employee numbers resulting from the increased new measures funding, the most notable being the addition of some 100 personnel from the Double Mobile Strike Team initiative. The reduction in employee expenses in 2004–05 mainly reflects the withdrawal of personnel resulting from the lapsing of Peace Monitoring – East Timor and Solomon Island resourcing.

5. Other expenses

Payments to the Australian Bureau of Criminal Intelligence, the Australian Institute of Police Management and the Australian Centre for Police Research are estimated to be \$5.969m per annum from 2002–03 and the out years. Increases in Common Police Services funding are reviewed on an annual basis based on current price and wage index estimates for the coming year.

6. Operating result

The estimated surplus of \$9.800m in 2001–02 mainly relates to accounting treatment of the East Timor ex-gratia payment. Revenue for this was received in 2001–02 but it was expensed in 2000–01. The balance results from revenue being applied to enhance the AFP's investment in additional capital investments programs.

Budgeted Departmental Statement of Financial Position

7. Infrastructure, plant and equipment

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 infrastructure (\$21.000m) 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. The AFP is also embarking upon major investment in software upgrades (\$7.000m in 2002–03) for 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 (\$15.500m in 2002–03) is also planned including the enhancement of the surveillance capability.

8. Loans

The AFP has no loan commitments.

9. Capital

Capital equity injections are being received for doubling the strike team capacity, expansion of the overseas Liaison Officer network, extension of the undercover policing activity, enhanced analytical and predictive crime capability, and rapid response capacity measures. The aggregate of these departmental capital equity injections over the four years to 2005–06 is \$4.876m, \$3.780m, \$3.411m and \$0.843m respectively (details in Table 1.2). An additional equity injection recognition of \$3.872m has been incorporated into the AFP balance sheet from 1 July 2002 resulting from the transfer of the APS to the AFP.

Budgeted Departmental Statement of Cash Flows**10. 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.

11. Operating Activities – cash used - Payments to Suppliers

Payments to suppliers include payments of GST where applicable. Refunds of these payments are included as components of other cash received.

12. 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.

13. Investing Activities – Property Advance made

This payment is a component of the AFP capital infrastructure works program for services being undertaken by the AFP's outsourced contract building management service. The majority of this payment will enable commencement of capital infrastructure works on a consolidated AFP headquarters.

14. Cash from Capital Injections

Reflects the final cash installments of \$5.000m in 2002–03 and \$5.000m in 2003–04 to extinguish the former AFPAS liability and the capital components (\$4.876m, \$3.780m, \$3.411m and \$0.843m) of new measures (details in Table 1.2) over the four years to 2005–06 respectively.

APPENDIX 1**Receipts from Independent Sources**

	Estimated Revenue 2001–02 \$'000	Estimated Revenue 2002–03 \$'000
DEPARTMENTAL REVENUE		
Section 31 (FMA Act) receipts	97,546	159,315
Total Estimated Departmental Revenue	97,546	159,315

Note: Estimated Revenue 2001–02 figures do not include the Australian Protective Service (APS). APS Estimated Revenue 2001–02 data is reported under the Attorney-General's Department.