

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS  
ATTORNEY-GENERAL'S PORTFOLIO

**Group: 3**

**Program: Other Agency**

**Question No. BE15/094**

**Senator Collins asked the following written question from the 27 and 28 May 2015 hearing:**

1. How will the continued imposition of a 2.5 per cent efficiency dividend impact AFP operations?
2. What amount will be cut from the AFP budget as a result of the continued imposition of a 2.5 per cent efficiency dividend?
3. Does the continued imposition of this efficiency dividend impact staff levels?
4. Does the continued imposition of this efficiency dividend impact equipment upgrades?
5. What upgrades are required that are no longer possible as a result of the continued imposition of this efficiency dividend?
6. What is the estimates cost of desired identified equipment upgrades?
7. Why are they important?
8. How will this impact the AFP's ability to fulfil its objectives?
9. Does the continued imposition of the efficiency dividend impact technology advancement?
10. What kinds of technology advancement are required to keep up with the evolving international criminal environment?
11. Are there identified technology advancements that are required by the AFP that will not be achieved as a result of the continued imposition of this efficiency dividend?
12. What is the estimated cost of these identified technology advancements?
13. How will this impact the AFP's ability to achieve its objectives?

**The answer to the honourable senator's question is as follows:**

1. A 2.5% efficiency dividend is applied to the AFP for 2015-16 and 2016-17. For 2017-18 the rate reduces to 1.0%. The AFP works to limit the impact of efficiency dividends on operational capabilities by achieving efficiencies in supplier costs and enabling support. There is limited capacity to reduce supplier expenses and enabling support further and thus the continued indefinite imposition of the efficiency dividend will start to impact on operational resources. If it continues indefinitely it will reduce the AFP's capacity to respond flexibly to Government priorities, and erode the AFP's core operational resources.
2. The impact of the efficiency dividend on the AFP operating and capital budget in 2015-16 is a reduction of \$25.3m. The cumulative impact over 2015-16 and the forward estimates for capital and operating budgets is approximately \$190m.
3. The continued imposition of the efficiency dividend cannot all be met from reductions in non-staff costs and thus will impact staff numbers. The impact is lessened where the AFP receives new measure funding.
4. The continued imposition of the efficiency dividend decreases the AFP capital budget and thus reduces resources available to replace and upgrade equipment. Some efficiencies are gained from advances in technology. Capital investments are given thorough consideration to ensure use of available funding is maximised and the impact on operational capability is minimised. This is achieved through prioritisation and deferral where funds are insufficient.

5. The AFP has managed to incorporate funding for all essential upgrades to priority systems and equipment however some upgrades have been deferred to later years as a result of the efficiency dividend. Continued delays in upgrades can result in limitations to the existing system and equipment capabilities.
6. Equipment upgrades are catered for in forward resource planning. The AFP continually assesses requirements and capabilities and is currently developing a Future Directions Strategic Context Paper which will set out the context for AFP operations and capabilities required for the future. Should the AFP require specific additional capabilities or upgrades it seeks funding through the Government Budget process. The AFP does not therefore have an estimated total cost of preferred equipment upgrades.
7. Equipment upgrades are essential to ensure capability does not lag behind the criminal and national security threats we fight.
8. The AFP is committed to ensure efficient and effective investment in technology to maximise the utility of available resources. The imposition of the efficiency dividend increases the challenge of the AFP to keep up with advanced criminal enterprises due to the deferral of upgrades to systems.

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The continued imposition of the efficiency dividend decreases the resources available to undertake technology advancements. Technology advancements are given thorough consideration to ensure use of available funding is maximised and the impact on operational capability is minimised. This is achieved through prioritisation and deferral where funds are insufficient.

10. With respect to the evolving international criminal environment, the AFP needs to ensure adequate capability and capacity resourcing which not only requires essential technical tools but also a suitably skilled workforce. Criminal elements are known to invest heavily in technology and cyber methods to hinder law enforcement. With technology continuing to develop at a rapid rate, significant research and development is required to best position the AFP to combat these issues.
12. Technology advancements are catered for in forward resource planning. The AFP continually assesses requirements and capabilities and is currently developing a Futures Paper which will set out the context for AFP operations and capabilities required for the future. Should the AFP require specific additional capabilities or technological advancements it seeks funding through the Government Budget process. The AFP does not therefore have an estimated total cost of technology advancements.
13. The AFP is committed to ensuring resources are utilised as efficiently and effectively as possible in order to maximise operational return on investment in equipment upgrades and technology advancements. As an operational agency, the fundamental intent of the efficiency dividend, being efficiency in administration, can only apply to the relatively small non-operational proportion of the organization. The AFP continues to face challenges in ensuring as an organisation we keep pace with technologically advances used by organised criminals and those threatening Australia's national security and who seek to exploit limitations. As organised criminals and those posing threats continue to evolve and adapt, the AFP will be required to continue to upgrade systems and capabilities and adapt to new emerging challenges in the environment.