

**SENATE LEGAL AND CONSTITUTIONAL LEGISLATION COMMITTEE
AUSTRALIAN FEDERAL POLICE**

Question No. 2

Senator Ludwig asked the following question at the hearing on 16 October 2006:

Senator LUDWIG—I am happy for you to take this on notice, but could you break down in a little more detail what that \$64 million actually relates to—which programs and under which budget? There is probably a budget statement that they would be reflected in?

Mr Van Dam—I will take that on notice.

Senator LUDWIG—That was deferred to the next year?

Mr Gaukroger—Some of it was. In the case of Papua New Guinea, PNG, it would not have been spent at all.

Senator LUDWIG—So I wonder if we could just provide a breakdown. Was it rephased in that sense?

Mr Gaukroger—There are no rephasings as such. With capital expenditure type items, once you have the cash in the bank it will be held until such time in the future that it is required. It is a little different from administered items.

Senator LUDWIG—So it is carried over?

Mr Gaukroger—Yes. You can effectively carry it over, unlike the operating statement.

Senator LUDWIG—It can either be rephased or it can be carried over—if it is a capital expenditure it can be carried over? That is what I wanted you to break down—which year it was then spent in. It can be carried over until such time as the item is spent.

In relation to the estimated surplus for 2003-04 including \$80 million in operating and \$64 million in capital:

- a) What does the \$64million in deferred capital expenditure refer to?
- b) Which Programs and under which budget
- c) Was the capital funding for PNG re-phased and if so in which year was it spent

The answer to the honourable senator's question is as follows and should be read in conjunction with questions 3 and 8:

a) The \$64 million in estimated deferred capital expenditure related to the following:

- PNG, \$29.8 million (budget funded) which was provided for accommodation, a range of vehicles, boats, armouries and jails, communications infrastructure and equipment, computer equipment and software and policing equipment (\$2.2million was spent in the following year with the residual retained); and
- AFP General purchase of infrastructure, plant and equipment, estimated \$34.4 million (AFP funded), made up of :
 - estimated \$12.1 million in specific capital works, which consisted of 33 projects, all except one of which have been completed;

- estimated \$9 million in investment in new technology and development of computer software, including projects such as ongoing PROMIS development and forensic equipment. All funding provided at that time has been expended except one project which retains \$0.6 million, as at the end of September 2006, with current commitments of \$0.2 million; and
- the remainder of \$13 million in replacement of other plant and equipment.

The estimated \$34.4 million AFP funded derives from accumulated depreciation and earnings rather than by Government appropriation to specific programs.

b) The \$29.8 million in PNG funding was provided under the 2003-04 Additional Estimates process. The residual (\$27.6 million) is available in the context of a possible return to PNG and capital projects that may arise in line with what was previously planned. Some of this capital could be used to support other International Deployment Group activity but that would be the subject of consultation with the Department of Finance and Administration.

Any unspent capital budget funded internally by the AFP through accumulated depreciation does not automatically carry over into the new financial year. As part of the AFP internal budget process, a new round of capital bids takes place each year.

c) Over the three years from 2003-04 to 2005-06 the status of the actual PNG Capital funding was as follows:

- 2003-04, \$29.8 million provided (\$2.2 million spent in 2004-05 with \$27.6 retained);
- 2004-05, \$1.1 million provided (\$1.1 million spent, none retained);
- 2005-06, \$17.6 million provided (\$0.6 million spent, the residual returned);