

SENATE LEGAL AND CONSTITUTIONAL LEGISLATION COMMITTEE  
AUSTRALIAN FEDERAL POLICE

**Question No. 103**

**Senator Ludwig asked the following question at the hearing on 25 May 2006:**

Please provide an explanation for the fluctuations in AFP receivables projections reported over the past four years.

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

The tables outlined in this response shows the receivable balances recorded in the Portfolio Budget Statements (PBS) and Portfolio Additional Estimates Statements (PAES) for the past four years, which are prepared according to accrual accounting principles.

Receivables usually relate to any amounts that are owed to the AFP but are not yet received as cash. The amounts in receivables in the PBS generally relate to a variety of items such as revenue generating activities, for example amounts owing for criminal history checks or protective service activities. It also includes deferred capital expenditure, accumulated depreciation or unused appropriations which are held by the Department of Finance and Administration (Finance) as per the cash management guidelines. This means the Receivables figure can be subject to significant fluctuations relating to other items in the Budgeted financial statements.

It should be noted that some movement will always occur between the PBS and PAES. The latter reflects actual results for the year in question whereas the former reflects a snapshot of an estimate at a point in time.

**2003-04 PBS**

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
	29,519	32,400	32,980	33,665	34,380			

The amounts recorded as receivables in the above table include trade debtors and accumulated depreciation funding.

**2003-04 PAES**

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
	25,169	46,745	38,977	39,867	45,412			

The movement between the actual loss shown in the Statement of Financial Performance in 2002-2003 (\$14.8m) to the estimated surplus in 2003-2004 (\$9.2m) totals \$24m, which is reflected in the projected movement in receivables of approximately \$22m in 2003-2004.

### 2004-05 PBS

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
		191,714	76,359	61,494	72,333	84,698		

A significant upward movement in receivables (\$145m) in 2003-2004 is due to the forecast surplus of \$80m and deferred capital expenditure of \$64m.

The main drivers of the surplus were delays in implementing new measures (particularly recruitment activities) and an underspend of \$32m for PNG related activities, all of which were expected to be fully expended in 2004-2005. This is reflected in the deficit of \$48m which AFP had forecast for 2004-2005.

The reduction in receivables of \$115m between 2003-2004 and 2004-2005 reflects the movement between the forecast surplus of \$80m (2003-2004) and the deficit forecast of \$48m (2004-2005) at the time.

### 2004-05 PAES

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
		176,058	59,695	49,211	64,703	81,801		

The projected reduction in receivables in 2004-2005 is largely due to the forecast deficit in 2004-2005.

### 2005-06 PBS

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
			59,695	49,220	64,712	81,810	83,885	

In 2004-2005, the AFP estimated the balance of receivables to be approximately \$60m due to the expected return of \$140m, of PNG related funding, to the budget in 2004-2005. As the future of deployments to PNG remained unclear, all forward funding for PNG was assumed, for forecasting purposes, to be fully expended, thus having no impact on receivables.

### 2005-06 PAES

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
			286,819	401,118	548,460	697,430	701,407	

As a result of the "Wenge" decision in May 2005, the forecast unspent PNG funding contributed to large projected surpluses in 2005-2006, 2006-2007 and 2007-2008. The forecast surpluses were \$119m in 2005-2006, \$128m in 2006-2007 and \$129m in 2007-2008. These forecast surpluses, in conjunction with the actual 2004-2005 surplus of \$23m, was shown as a cumulative increase in the receivables in the out-years.

**2006-07 PBS**

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
				275,015	295,470	321,941	334,909	351,377

The reduction of \$126m for 2005-06 (as per the figures shown in the 2006-2007 PBS compared to the 2005-2006 PAES) is due to the proposed return of unspent PNG funding to the budget (\$135m). The appropriation in 2006-2007 and 2007-2008 has also been reduced, in the PBS, to reflect reduced requirement for funding in PNG. This means the receivables figure has been adjusted down by a corresponding amount.