

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

Additional Questions to No. 103

The following additional question from Senator Ludwig (relating to Question 103) was received through the Secretariat on 15 September 2006:

(a) The AFP mentions an \$80 million surplus for 2003-04 driven by delays in implementing new measures and \$64 million in deferred capital expenditure. Given the sums of money involved, the description of the surplus is unspecific and does not explain in sufficient detail what lies behind the number (e.g. the AFP gave recruitment activities as an example but didn't mention in any detail what the recruitment was for, nor the associated budget)

(b) Following the return of money related to PNG, an estimated \$275 million still remained in the AFP's receivables for 2005-06 but no explanation for this figure was given at all. As with the previous, given the size of the figure a detailed description of what lies behind the \$275 million should be provided (e.g. if there were delays in implementing new measures again, those measures should be specified along with the related amount of money). If delayed recruitment activity forms part of the surplus again, that too should be specified.

The answer to the honourable Senator's questions is as follows:

It should be noted that the material the Senator's questions relates to estimates of an end-of-year position made at April 2004 and April 2006 respectively.

(a) In broad terms, the estimated surplus of \$80m for 2003-04 comprised the following:

- \$62m for salaries and suppliers for PNG which reflected the AFP deployment being delayed until 26 September 2004 due to the uncertainty surrounding legislative immunity for members. Of this amount, \$14m related to salaries and was returned to budget in 2004-05, while the remaining \$48m related to set-up costs;
- \$7m for the Regional Assistance Mission to the Solomon Islands mainly relating to delays with infrastructure services and other ramp up costs;
- \$2m in Protective Services mainly attributable to an operating surplus in the commercial area; and
- \$9m relating to the recovery of Bali expenditure from 2002-03 (provided through appropriation).

(b) The estimated \$275m in AFP receivables for 2005-06 mainly related to cash held on behalf of the AFP, by the Department of Finance and Administration. Such cash is accumulated by agencies to fund areas such as employee leave entitlements, capital expenditure (new and replacement items), unpaid creditors invoices or, if the need arose, an operating deficit.

The estimated 2005-06 receivables balance reported in the 2006-07 Portfolio Budget Statements assumed provision for fully funded employee entitlements (\$119m), accumulated depreciation (\$67m), unpaid invoices (\$49m), with the balance broadly being prior year retained operating surpluses, unspent capital injections, other receivables and provisions (\$40m).

The receivables balance can be subject to significant fluctuation from year to year as it is impacted by a number of variables including, operating surpluses or deficits (including cash and non-cash components), provision for depreciation (including impact of any revaluations), capital expenditure, payment or provision for creditors invoices and employee entitlements, equity injections etc.

These amounts can be varied or reprioritised at any time according to the needs of the AFP.