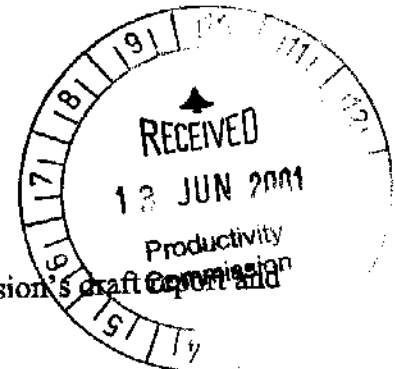


## Response by the Australian Federal Police



The AFP welcomes the opportunity to comment on the Productivity Commission's draft report and guidelines.

The AFP believes the proposed guidelines do not adequately address inter government nor interagency arrangements. Such arrangements make up the majority of the AFP's cost recovered activities. Examples of these two activities are provided below for your information:

- There is an intergovernmental agreement between the Commonwealth of Australia and the ACT Government for the delivery of police services to the ACT; and
- To achieve some whole of Government law enforcement results, there are arrangements in place to share resources thus promoting the flow of information and co-operation across law enforcement agencies. In many instances the benefit received by the two agencies, particularly the flow of intelligence cannot be measured in monetary terms. Such arrangements are normally supported by the creation of a memorandum of understanding between the two agencies.

The AFP supports the premise that an agency should know the full price of an output regardless of whether it intends to cost recover. Further, the AFP agrees the method of allocating costs should be handled on an activity-by-activity basis. However, with respect to interagency agreements we believe the discretion in imposing cost recovery charges and the method of allocating costs should be on a case-by-case basis. We believe the cost to the agency should be considered against other intangible benefits, which maybe received by undertaking the activity, before an agreement is reached with the purchaser. In particular this approach supports the flow of intelligence and other resources, particularly between law enforcement agencies, to achieve cross agency outcomes

The AFI considers most of its cost recovery activities would be subject to a CRIS rather than an RIS. The AFP's sees the CRIS process as a formalisation of the process that is currently undertaken in-house. However, we would like to see clear guidance on when a CRIS would need to be completed for example would a minimum revenue limit exist, would a CRIS need to be completed for interagency agreements.

The AFP believes it has in place mechanisms to ensure its cost recovered activities are appropriately scrutinised. The AFP believes this accountability is demonstrated through:

- Listing of Section 31 receipts in the Portfolio Budget Statements and the Annual Report;
- Purchaser/provider agreement with ACT Government for the provision of community policing to the ACT; and
- Entering into memorandums of understanding with major stakeholders and the holding of regular stakeholder meetings;
- Parliamentary oversight of the AFP Regulations also provides a very visible constraint on any potential of over charging by the AFP;

The AFP fully supports the notion of being accountable for the efficient and effective use of public funds. The AFP supports the idea of a "pricing review" to be carried out to test the prices attached to cost recovered activities. However the AFP believes scrutiny on cost

recovered activities should become part of the wider pricing review. Should the EAC stay as a separate review the AFP would seek to clarify who would meet the costs associated with the EAC's.

### **Conclusion**

The AFP welcomes the Productivity Commission's report and draft guidelines in providing a policy framework for cost recovery.

The role of cost recovery to improve the efficiency and effectiveness of government programs is relevant as is the need to ensure confidence in prices set. The AFP believes the special nature of inter-government and inter government agency relationships need to be addressed in the draft guidelines. In reference to these two types of cost recovery arrangements the AFP considers the full cost of undertaking the activity must be considered by management as well as intangible benefits before a price and agreement are settled.