

AUSTRALIAN SECURITY INTELLIGENCE ORGANISATION

Section 1: Overview, variations and measures

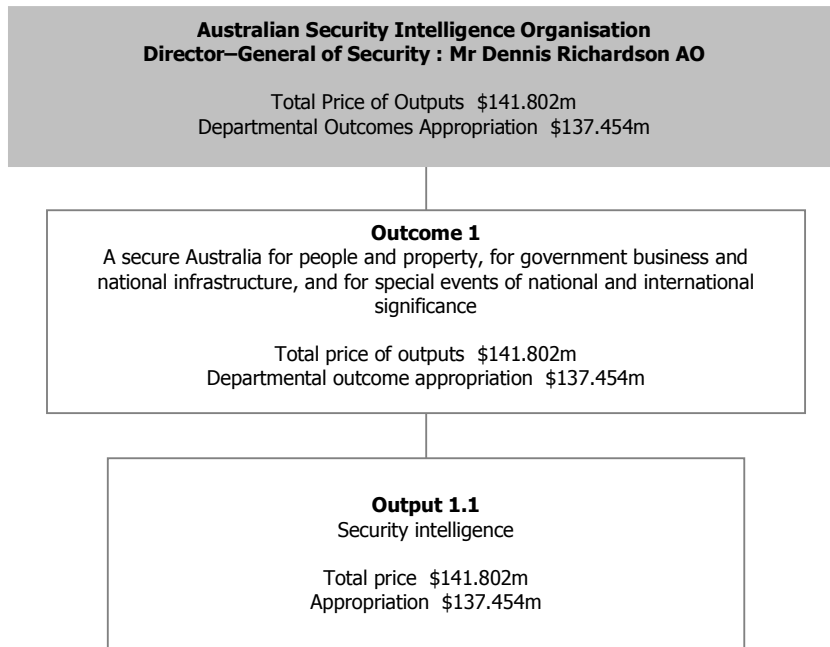
OVERVIEW

The Additional Estimates Statements reflect the final budget outcome for the 2003–04 financial year and updated budget position for 2004–05.

The Additional Estimates variations do not result in any changes to ASIO's role, mission, outcomes and outputs.

ASIO's outcome and output for 2003–04 remains unchanged, as shown in the above Outcomes and Output Groups map for the Agency.

Outcomes and Outputs Map



ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The Additional Estimates Statements show the additional resources agreed by Government since the 2004-05 Budget. This has given rise to an increase in revenue appropriations of \$2.725m and an equity injection of \$5.922m for capital expenditure. This takes ASIO's total budget for 2004-05 to \$165.735m (\$137.454m in departmental appropriations, \$4.348m in revenue from other sources and \$23.933m in equity injections. (2004-05 Budget: \$156.184m)

Increased appropriations for 2005-06 to 2008-09 as a result of new measures agreed since the 2004-05 Budget are as follows:

Variations — Measures

	2004-05	2005-06	2006-07	2007-08
	\$'000	\$'000	\$'000	\$'000
Outcome 1				
Increase in departmental appropriations				
Maritime Security - Maritime intelligence capacity	990	1,010	1,031	1,054
Maritime Security - Maritime Security Identification Card	1,941	485	485	485
Flood inquiry into Australian intelligence agencies - Temporary accommodation	5,715	2,053	2,079	2,106
Australians Overseas Missions – Improved Security	3	1,120	902	1,719
Increase in departmental appropriations	8,649	4,668	4,497	5,364

MEASURES — AGENCY SUMMARY

For summary of measures and funding see Tables 1.1.1 and 1.1.2.

Table 1.1.1 - Summary of Expense Measures since the 2004–05 Budget

Measure	Outcome	Outputs Affected	Appropriations 2004–05 \$'000			Appropriations 2005–06 \$'000			Appropriations 2006–07 \$'000			Appropriations 2007–08 \$'000		
			Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total
Maritime Security - Maritime intelligence capacity	1	1.1		990	990		1,010	1,010		1,031	1,031		1,054	1,054
Maritime Security - Maritime Security Identification Card	1	1.1		485	485		485	485		485	485		485	485
Flood inquiry into Australian intelligence agencies - Temporary accommodation	1	1.1		1,249	1,249		2,053	2,053		2,079	2,079		2,106	2,106
Australians Overseas Missions - Improved Security	1	1.1		3	3		287	287		290	290		546	546
Total			-	2,727	2,727	-	3,835	3,835	-	3,885	3,885	-	4,191	4,191

Table 1.1.2 - Summary of Capital Measures since the 2004–05 Budget

Capital Measure	Outcome	Outputs Affected	Appropriations 2004–05 \$'000			Appropriations 2005–06 \$'000			Appropriations 2006–07 \$'000			Appropriations 2007–08 \$'000		
			Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total
Maritime Security- Maritime intelligence capacity	1	1.1			-			-			-			-
Maritime Security- Maritime Security Identification Card	1	1.1		1,456	1,456			-			-			-
Flood inquiry into Australian intelligence agencies - Temporary accommodation	1	1.1		4,466	4,466			-			-			-
Australians Overseas Missions - Improved Security	1	1.1		-	-		833	833		612	612		1,173	1,173
Total			-	5,922	5,922	-	833	833	-	612	612	-	1,173	1,173

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2004–05

	2003–04 Available \$'000	2004–05 Budget \$'000	2004–05 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
DEPARTMENTAL OUTPUTS					
Outcome 1					
A secure Australia for people and property, for government business and national infrastructure, and special events of a national and international significance	98,210	134,729	137,454	2,727	-
Total	98,210	134,729	137,454	2,727	-

Table 1.3: Appropriation Bill (No. 4) 2004–05

	2003–04 Available \$'000	2004–05 Budget \$'000	2004–05 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
Non-operating					
Equity injections	10,637	18,011	23,933	5,922	-
Total capital					
Australian Security Intelligence Organisation	-	-	-	-	-
Total	10,637	18,011	23,933	5,922	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average Staffing Level (ASL)

	2004–05 Budget	2004–05 Revised	Variation
Outcome 1			
A secure Australia for people and property, for government business and national infrastructure, and special events of a national and international significance	869	887	18
Total	869	887	18

SUMMARY OF AGENCY SAVINGS

There are no savings proposals for the 2004–05 Additional Estimates.

VARIATIONS TO REVENUE FROM OTHER SOURCES THROUGH NET ANNOTATED (SECTION 31) RECEIPTS

Table 1.5: Changes to Net Annotated Appropriations (Section 31) Receipts

	Total Approp 2004–05 Budget \$'000	Total Approp 2004–05 Revised \$'000	Receipts from Independent Sources Budget \$'000	Receipts from Independent Sources Revised \$'000	Variatioin Non-gov Revenue \$'000
Outcome 1					
A secure Australia for people and property, for government business and national infrastructure, and special events of a national and international significance	152,740	161,387	3,444	4,348	904
Total	152,740	161,387	3,444	4,348	904

REVENUE FROM INDEPENDENT SOURCES

Table 1.6: Revenue from independent sources

	Budget Estimate 2004–05 \$'000	Revised Estimate 2004–05 \$'000
DEPARTMENTAL REVENUE		
Proceeds from sale of goods and services	1,884	2,638
Proceeds from sale of assets	786	786
Other revenue	774	924
Total non-appropriation departmental revenue	3,444	4,348

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

There are no changes to the performance information for ASIO's outcomes and outputs as a result Additional Estimates variations and measures.

Output cost attribution

ASIO's outputs are aligned to its Organisational structure. This enables ASIO to attribute direct costs to its outputs. Shared costs and other corporate support costs are allocated to outputs using activity based costing methodology.

Section 3: Budgeted financial statements

Revisions to the budgeted departmental and administered financial statements for the department since the 2004-05 Portfolio Budget Statements are presented in this section.

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Statement of Financial Performance

ASIO is expected to return an operating surplus in 2004-05 of around \$5.816m, compared to the deficit in 2003-04 of \$0.679m.

Revenue from Government has increased from \$99.047m (including \$0.836m in resources received free of charge) in 2003-04 to \$137.454m in 2004-05, reflecting funding for additional measures agreed by Government in the 2004-05 Budget as well as funding for measures agreed after the 2004-05 Budget.

ASIO's charges for goods and services relate principally to the provision of security advice on a cost recovery basis. Increased revenue in this area is due to Government decisions to recover costs for security checking of aviation and maritime identification cards.

Employee expenses are expected to increase significantly from \$61.068m in 2003-04 to \$77.444m in 2004-05. In 2003-04, ASIO recruited a total of 195 staff. Continuing growth will see further recruitment of around 220 in 2004-05, taking the total staff numbers by the end of the year to around 980.

Supplier expenses are expected to increase from \$33.211m to \$43.745m, in line with increased workload and implementation of new initiatives.

Depreciation expenses are projected to increase significantly, in line with recent expansion of ASIO's technical and IT capabilities (such as the upgrade of overseas communications, systems to handle increased personnel counter-terrorism and the establishment of NTAC).

Statement of Financial Position

In 2004-05, ASIO's total assets are expected to grow from \$59.424m to \$92.031m. After deductions for liabilities, net assets representing Government stakeholding in the Organisation are expected to be \$66.698m compared to \$36.949m in 2003-04.

Total assets comprise current and non current assets – \$22.763m in respect of cash and \$65.551m in respect of land and buildings, property, plant and equipment. The increase in cash reserves in 2004-05 compared to 2003-04 is the result of depreciation funding for capital measures provided for future asset reinvestments.

Total liabilities comprise provisions for employee entitlements totalling \$19.291m and payables to suppliers of \$6.042m. Increase in total liabilities from 2003-04 is largely due to greater provision required to meet employee entitlements consistent with increases in staffing levels over the last two years.

Funding for investment in technologies and technical capabilities that are of a capital nature in the 2004-05 Budget have seen an increase in equity contribution by Government from \$32.781m in 2003-04 to \$56.713m.

Improvement in ASIO's liquidity measure (current assets to current liability) from 0.7 in 2002-03, 0.9 in 2003-04 to 1.8 in 2004-05 reflects additional cash flows from funding for new measures and increased operational costs. This position is expected to reverse after 2005-06 due to wage cost pressures and the lapsing of funding for certain technical capabilities.

BUDGETED FINANCIAL STATEMENTS

Departmental financial statements

Budgeted departmental statement of financial performance

This statement provides the expected financial results for the Organisation by including the full accrued expenses and revenues, which highlights whether the Organisation is operating at a sustainable level.

Budgeted departmental statement of financial position

This statement shows the financial position of the Organisation in the form of assets and liabilities at the end of the financial year. It shows the total equity invested by Government in the Organisation and the general financial health of the Organisation.

Budgeted departmental statement of cash flows

The Statement of Cash Flows sets out the net cash received from operating activities, investment in assets and other technical capabilities (as reflected in the acquisition of property, plant and equipment) and financing activities which is principally derived from Government equity injections for investment in capabilities.

Departmental capital budget statement

This statement shows the planned capital expenditure of the Organisation and shows how much of that is funded through equity injections as opposed to funds from internal sources.

Departmental non-financial assets — summary of movement

This summary shows the budgeted acquisitions and disposals of assets by asset category in the budget year.

Table 3.1: Budgeted Departmental Statement of Financial Performance for the period ended 30 June

	Actual 2003-04	Revised Budget 2004-05	Forward Estimate 2005-06	Forward Estimate 2006-07	Forward Estimate 2007-08
	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE					
Revenues from ordinary activities					
Revenue from government (note 1)	99,047	137,454	149,472	145,048	148,378
Goods and services (note 2)	1,992	2,638	2,633	2,706	2,783
Interest					
Revenue from sale of assets	976	786	825	900	900
Other revenues	1,008	924	780	813	846
Revenues from ordinary activities	103,023	141,802	153,710	149,467	152,907
EXPENSE					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees (note 3)	61,068	77,444	91,055	93,979	92,656
Suppliers (note 4)	33,211	43,745	42,029	40,845	37,213
Depreciation and amortisation	7,739	13,903	16,967	15,337	17,934
Write-down of assets					
Value of assets sold	1,660	884	990	1,080	1,080
Expenses from ordinary activities (excluding borrowing costs expense)	103,678	135,976	151,041	151,241	148,883
Borrowing costs expense	24	10	-	-	-
Operating surplus or (deficit) from ordinary activities (note 5)	(679)	5,816	2,669	(1,774)	4,024
Net credit (debit) to asset revaluation reserve	3,218	-	-	-	-
Net surplus or (deficit)	2,539	5,816	2,669	(1,774)	4,024

Table 3.2: Budgeted Departmental Statement of Financial position as at 30 June

	Actual 2003–04	Revised Budget 2004–05	Forward Estimate 2005–06	Forward Estimate 2006–07	Forward Estimate 2007–08
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash (note 6)	7,216	22,763	17,335	9,411	9,265
Receivables	1,846	1,319	1,317	1,353	1,391
Total financial assets	9,062	24,082	18,652	10,764	10,656
Non-financial assets					
Land and buildings	16,550	23,871	21,474	19,090	16,706
Infrastructure, plant and equipment	28,344	36,099	56,804	67,893	78,544
Intangibles	3,071	5,581	6,432	8,653	10,261
Other non-financial assets	2,398	2,398	2,398	2,398	2,398
Total non-financial assets	50,363	67,949	87,108	98,034	107,909
Total assets	59,425	92,031	105,760	108,798	118,565
LIABILITIES					
Interest bearing liabilities					
Leases	115	-	-	-	-
Total interest bearing liabilities	115	-	-	-	-
Provisions					
Employees	17,019	19,291	21,943	24,679	27,393
Capital use charge					
Other provisions					
Total provisions	17,019	19,291	21,943	24,679	27,393
Payables					
Suppliers	3,855	4,555	4,412	4,313	4,010
Other payables	1,487	1,487	1,487	1,487	1,487
Total payables	5,342	6,042	5,899	5,800	5,497
Total liabilities	22,476	25,333	27,842	30,479	32,890
EQUITY*					
Parent entity interest					
Contributed equity (note 7)	32,781	56,713	65,262	67,436	70,768
Reserves	9,496	9,496	9,496	9,496	9,496
Retained surpluses or accumulated deficits	(5,328)	489	3,160	1,387	5,411
Total parent entity interest	36,949	66,698	77,918	78,319	85,675
Outside equity interest	-	-	-	-	-
Total equity	59,425	92,031	105,760	108,798	118,565
TOTAL ASSETS AND LIABILITIES BY MATURITY					
Current assets	11,460	26,480	21,050	13,162	13,054
Non-current assets	47,965	65,552	84,711	95,636	105,511
Current liabilities	12,755	14,454	15,671	16,977	18,067
Non-current liabilities	9,721	10,879	12,170	13,502	14,824

* Note: 'equity' is the residual interest in assets after deduction of liabilities.

Table 3.3: Budgeted Departmental Statement of Cash Flows for the period ended 30 June

	Actual 2003-04	Revised Budget 2004-05	Forward Estimate 2005-06	Forward Estimate 2006-07	Forward Estimate 2007-08
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	3,847	3,165	2,635	2,670	2,745
Appropriations	98,210	137,454	149,472	145,048	148,378
Other (GST)	4,521	8,536	8,695	7,631	7,456
Extraordinary items	-	-	-	-	-
Total cash received	106,578	149,155	160,802	155,349	158,579
Cash used					
Employees	57,830	75,172	88,401	91,244	89,942
Suppliers	35,971	43,045	42,172	40,943	37,516
Other (GST)	3,597	4,374	4,203	4,084	3,721
Total cash used	97,398	122,591	134,776	136,271	131,179
Net cash from/ (used by) operating activities	9,180	26,564	26,026	19,078	27,400
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	976	786	825	900	900
Total cash received	976	786	825	900	900
Cash used					
Purchase of property, plant and equipment (note 8)	16,988	32,374	37,116	27,342	28,889
Other (GST)	1,699	3,237	3,712	2,734	2,889
Total cash used	18,687	35,611	40,828	30,076	31,778
Net cash from/ (used by) investing activities	17,711	34,825	40,003	29,176	30,878
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	10,637	23,933	8,549	2,174	3,332
Total cash received	10,637	23,933	8,549	2,174	3,332
Cash used					
Repayments of debt	240	125	-	-	-
Other	-	-	-	-	-
Total cash used	240	125	-	-	-
Net cash from/ (used by) financing activities	10,397	23,808	8,549	2,174	3,332
Net increase or (decrease) in cash held	1,866	15,547	(5,428)	(7,924)	(146)
Cash at the beginning of the reporting period	5,350	7,216	22,763	17,335	9,411
Cash at the end of the reporting period	7,216	22,763	17,335	9,411	9,265

Table 3.4: Departmental Capital Budget Statement for the period ended 30 June

	Actual 2003-04 \$'000	Revised Budget 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	10,637	23,933	8,549	2,174	3,332
Total loans					
Represented by					
Purchase of non-current assets	10,637	23,933	8,549	2,174	3,332
Other					
Total	10,637	23,933	8,549	2,174	3,332
PURCHASE OF NON CURRENT ASSETS					
Funded by capital appropriation	10,637	23,933	8,549	2,174	3,332
Funded internally by Departmental resources	6,351	8,441	28,567	25,169	25,557

Table 3.5: Departmental non-financial assets — summary of movement (Budget year 2004–05)

	Land	Buildings	Specialist Military Equipment	Other Infrastructure Plant and Equipment	Heritage and Cultural Assets	Computer Software	Other Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	'\$'00	\$'000	\$'000	\$'000
Carrying amount at the start of year	944	15,606	-	28,344	-	-	3,071	47,965
Additions	-	10,243	-	16,191	-	-	5,940	32,374
Disposals	-	-	-	(884)	-	-	-	(884)
Net Revaluation increment / decrement	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(2,922)	-	(7,551)	-	-	(3,430)	(13,903)
Write-off of assets	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Carrying amount at the end of year	944	22,927	-	36,100	-	-	5,581	65,552
Total additions								
Self funded		3,000		3,101			2,340	8,441
Appropriations		7,243		13,090			3,600	23,933
Total		10,243		16,191			5,940	32,374

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The agency budget statements are prepared in compliance with Australian Accounting Standards, Accounting Guidance Releases and having regard to Statements of Accounting Concepts.

The Budget statements do not reflect as revenue, resources received free of charge nor are these costs included as operating expenses.

GST has been included in the cash flow statements but excluded in the Statement of Financial Performance, consistent with standard accounting practices.

Land, buildings, infrastructure, plant and equipment are stated at carrying values following the most recent valuations which are not more than three years old. Valuations are provided either on the basis of deprival or fair value.

Departmental and Administered Appropriations

Under the Commonwealth's accrual budgeting framework and consistent with Australian Accounting standards, revenue, expenses, assets and liabilities controlled by agencies (departmental items) are separately budgeted and reported from those that agencies do not have control over (administered items).

There are no administered items for ASIO.

Price of Outputs

Under the Commonwealth's accrual budgeting framework, the price of outputs represents Government's purchase of outputs from the agency. It includes revenue from Government under Appropriation Bill 1 and Appropriation Bill 3 and revenue from other sources under s31 Departmental receipts.

Variations from the 2004–05 Budget

The increased appropriations from \$134.729m in the 2004–05 Budget to \$137.454m includes new measures funding for maritime security liaison (\$0.485m), maritime security identification cards checking (\$0.990m) and funding for temporary accommodation (\$1.249m). Funding for enhanced security for Australian diplomatic missions will not commence until 2005–06. Capital funding for these new measures are provided through equity injection. (Refer note 7).

1. Revenue from goods and services is projected to increase by \$0.904m from the 2004–05 Budget relating to additional cost recovery funding for the security checking of maritime security identification cards and increased revenue for the provision of security advices.

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2. Employee expenses are expected to increase to \$77.444m from \$73.696m reflecting increase in staffing numbers from new measures and a higher recruitment rate than originally anticipated.
3. Supplier expenses are expected to increase marginally from Budget reflecting higher operating costs so far this year associated with recruitment and investigations.
4. Net surplus reflects funding for depreciation and provision for additional employee entitlements not yet expensed. These funds are set aside for future asset replacements and payments for employee leave liabilities.
5. Increase in cash assets from \$18.844m to \$22.763m reflecting additional funding for new measures and a high level of cash carried forward from 2003–04 due to rephasing of payments for certain technical capabilities.
6. Increase in contributed equity reflects new measures funding for maritime security identification cards checking (\$1.456m) and funding for the fitout of temporary accommodation pending extension to the current ASIO building (\$4.466m).
7. Payment for the purchases of property plant and equipment relates to investment in capabilities and in technologies of which \$23.933m is funded by capital appropriations relating to new measures and \$8.441m is funded internally. Increase relates to the capitalisation of expenses higher than anticipated in the Budget.