

AUSTRALIAN SECURITY INTELLIGENCE ORGANISATION

Section 1: Agency overview and resources; variations and measures

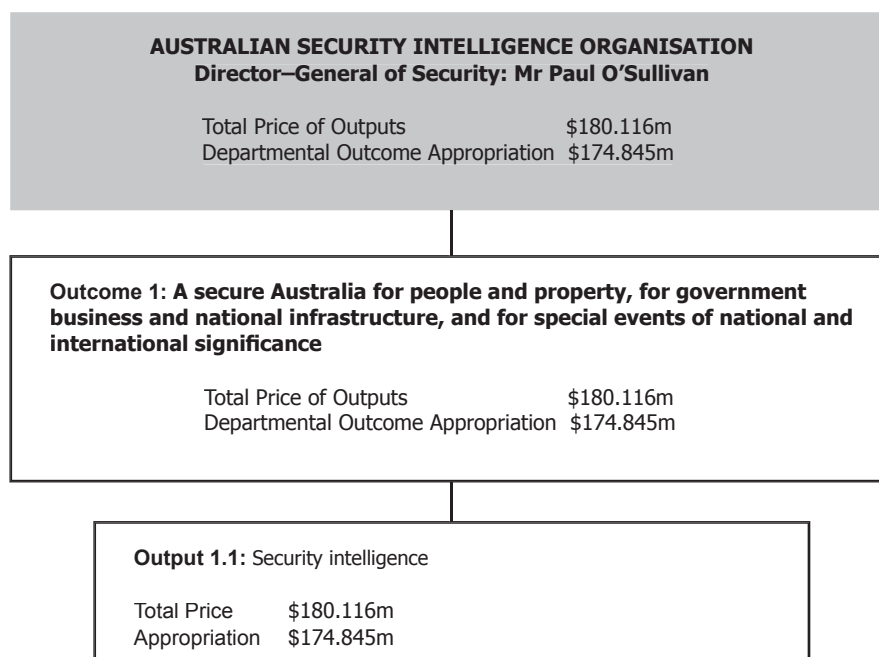
OVERVIEW

The Additional Estimates Statements reflect the final budget outcome for the 2004-05 financial year and updated budget position for 2005-06.

The Additional Estimates variations do not result in any changes to Australian Security Intelligence Organisation's (ASIO's) role, mission, outcomes and outputs.

ASIO's outcome and output for 2005-06 remains unchanged, as shown in the following Outcome and Output Groups map.

Table 1.1: Agency outcomes and output groups



ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The Additional Estimates Statements show the additional resources agreed by Government since the 2005-06 Budget. This has given rise to an increase in revenue appropriations of \$3.118m and an equity injection of \$11.408m for capital expenditure. This takes ASIO's total budget for 2005-06 to \$180.116m (\$174.845m in departmental appropriations, \$5.271m in revenue from other sources and \$25.609m in equity injections).

Increased appropriations for 2006-07 to 2009-10 is a result of new measures agreed since the 2005-06 Budget and are as follows:

Variations — Measures

Table 1.2: Additional estimates and variations to outcomes – measures

	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000
Outcome 1				
Increase in departmental appropriations				
National security - providing temporary accommodation for the Australian Security Intelligence Organisation	1,013	4,341	5,574	6,094
National security - introducing a maritime crew visa	-	1,168	1,182	1,171
Total changes in Departmental appropriations	1,013	5,509	6,756	7,265

Note: Figures in this table are fiscal balance consistent with MYEFO and Budget Paper No. 2 presentation.

MEASURES — AGENCY SUMMARY

For summary of measures and funding see Tables 1.4.1 and 1.4.2

Table 1.4.1: Summary of expense measures since the 2005-06 Budget

Measure	Outcome	Outputs Affected	Appropriations 2005-06 \$'000			Appropriations 2006-07 \$'000			Appropriations 2007-08 \$'000			Appropriations 2008-09 \$'000		
			Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total
EXPENSE MEASURES														
National security - providing temporary accommodation for the Australian Security Intelligence Organisation	1	1.1	-	1,013	1,013	-	4,341	4,341	-	5,574	5,574	-	6,094	6,094
National security - introducing a maritime crew visa	1	1.1	-	-	-	-	1,168	1,168	-	1,182	1,182	-	1,171	1,171
Total Expense Measures			-	1,013	1,013	-	5,509	5,509	-	6,756	6,756	-	7,265	7,265

Note: Figures in this table are fiscal balance consistent with MYEFO and Budget Paper No. 2 presentation.

Table 1.4.2: Summary of capital measures since the 2005-06 Budget

Measure	Outcome	Outputs Affected	Appropriations 2005-06 \$'000			Appropriations 2006-07 \$'000			Appropriations 2007-08 \$'000			Appropriations 2008-09 \$'000		
			Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total
CAPITAL MEASURES														
National security - providing temporary accommodation for the Australian Security Intelligence Organisation	1	1.1	-	11,408	11,408	-	8,502	8,502	-	-	-	-	-	-
National security - introducing a maritime crew visa	1	1.1	-	-	-	-	439	439	-	303	303	-	-	-
Total Capital Measures			-	11,408	11,408	-	8,941	8,941	-	303	303	-	-	-

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.5: Appropriation Bill (No. 3) 2005-06

	2004-05 Available \$'000	2005-06 Budget \$'000	2005-06 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 for special events of national and international significance	137,456	171,727	174,845	3,118	-
Total Australian Security Intelligence Organisation	137,456	171,727	174,845	3,118	-

Table 1.6: Appropriation Bill (No. 4) 2005-06

	2004-05 Available \$'000	2005-06 Budget \$'000	2005-06 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
Non-operating					
Equity injections	23,933	14,201	25,609	11,408	-
Total Capital Australian Security Intelligence Organisation	23,933	14,201	25,609	11,408	-

SUMMARY OF STAFFING CHANGES

Table 1.7: Average Staffing Level (ASL)

	2005-06 Budget	2005-06 Revised	Variation
Outcome 1			
A secure Australia for people and property, for government business and national infrastructure, and for special events of national and international significance	1,066	1,073	7
Total	1,066	1,073	7

Section 2: Revisions to agency outcomes

OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS

Table 1.1 'Agency outcomes and outputs groups' lists the outcome statements and output groups for ASIO. There are no changes to the performance information for ASIO's outcomes and outputs as a result of Additional Estimates variations and measures.

Section 3: Budgeted financial statements

Revisions to the budgeted departmental and administered financial statements for the department since the 2005-06 Portfolio Budget Statements are presented in this section.

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

BUDGETED FINANCIAL STATEMENTS

Departmental financial statements

Budgeted departmental income statement

ASIO is expected to return an operating surplus in 2005-06 of around \$8.781m, compared to the surplus in 2004-05 of \$0.526m.

Revenue from Government has increased from \$137.456m in 2004-05 to \$174.845m in 2005-06, reflecting funding for additional measures agreed by Government in the 2005-06 Budget as well as funding for measures agreed after the 2005-06 Budget.

Employee expenses are expected to increase significantly from \$74.089m in 2004-05 to \$95.317m in 2005-06 as a result of a continued emphasis on recruitment. In 2004-05, ASIO recruited significantly and as at 30 June 2005 staff numbered 894. Continuing growth will see further recruitment of some 179 staff in 2005-06, taking the total staff numbers by the end of the year to around 1,073.

Supplier expenses are expected to increase from \$56.119m to \$61.749m, 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 National Threat Assessment Centre (NTAC)).

Budgeted departmental balance sheet

In 2005-06, ASIO's total assets are expected to grow from \$87.800m to \$125.454m. After deductions for liabilities, net assets representing Government stakeholding in the organisation are expected to be \$95.037m compared to \$60.647m in 2004-05.

Total assets comprise current and non current assets — \$30.472m in respect of cash and \$91.108m in respect of land and buildings, property, plant and equipment. The increase in cash reserves in 2005-06 compared to 2004-05 is the result of depreciation funding for capital measures provided for future asset reinvestments.

Total liabilities comprise provisions for employee entitlements totalling \$19.605m and payables to suppliers of \$7.438m. Increase in total liabilities from 2004-05 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 accommodation, technologies and technical capabilities that are of a capital nature in the 2005-06 Budget have seen an increase in equity contribution by Government from \$56.714m in 2004-05 to \$82.323m.

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 statement of changes in equity — summary of movement

The movement in equity between 2004-05 and 2005-06 can be attributed to an equity injection of \$25.609m and net surplus of \$8.781m.

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 property, plant, equipment and intangibles — 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 income statement for the period ended 30 June

	Actual 2004-05 \$'000	Revised Budget 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
INCOME					
Revenue					
Revenues from Government	137,456	174,845	180,244	189,939	194,400
Goods and services	2,624	2,694	2,783	2,863	2,882
Other	2,369	2,577	2,659	2,743	2,826
Total revenue	142,449	180,116	185,686	195,545	200,108
Gains					
Net gains from sale of assets	-	645	788	827	868
Total gains	-	645	788	827	868
Total income	142,449	180,761	186,474	196,372	200,976
EXPENSE					
Employees	74,089	95,317	104,053	111,441	114,032
Suppliers	56,119	61,749	62,247	65,888	66,634
Depreciation and amortisation	10,624	14,140	15,706	17,800	21,418
Write-down of assets and impairment of assets	1,058	-	-	-	-
Finance costs	5	-	-	-	-
Net losses from sale of assets	28	774	945	992	1,042
Total expenses	141,923	171,980	182,951	196,121	203,126
Operating result from continuing operations	526	8,781	3,523	251	(2,150)
Net surplus or (deficit) attributable to the Australian Government	526	8,781	3,523	251	(2,150)

Table 3.2: Budgeted departmental balance sheet as at 30 June

	Actual 2004-05 \$'000	Revised Budget 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
ASSETS					
Financial assets					
Cash	18,299	30,472	32,789	27,131	18,481
Receivables	3,717	2,575	2,620	2,659	2,668
Total financial assets	22,016	33,047	35,409	29,790	21,149
Non-financial assets					
Land and buildings	23,431	38,739	50,478	69,500	91,917
Infrastructure, plant and equipment	37,809	45,216	51,567	65,632	82,078
Intangibles	3,245	7,153	6,904	7,448	6,647
Other	1,299	1,299	1,299	1,299	1,299
Total non-financial assets	65,784	92,407	110,248	143,879	181,941
Total assets	87,800	125,454	145,657	173,669	203,090
LIABILITIES					
Provisions					
Employees	17,274	19,605	22,338	25,271	28,269
Other	3,374	3,374	3,374	3,374	3,374
Total provisions	20,648	22,979	25,712	28,645	31,643
Payables					
Suppliers	6,505	7,438	6,935	7,235	7,296
Total payables	6,505	7,438	6,935	7,235	7,296
Total liabilities	27,153	30,417	32,647	35,880	38,939
EQUITY*					
Parent entity interest					
Contributed equity	56,714	82,323	96,773	121,302	149,814
Reserves	8,734	8,734	8,734	8,734	8,734
Retained surpluses or accumulated deficits	(4,801)	3,980	7,503	7,753	5,603
Total parent entity interest	60,647	95,037	113,010	137,789	164,151
Total equity	60,647	95,037	113,010	137,789	164,151
Current assets	23,315	33,047	35,409	29,790	21,149
Non-current assets	64,485	92,407	110,248	143,879	181,941
Current liabilities	14,593	16,997	18,263	20,060	21,756
Non-current liabilities	12,560	13,420	14,384	15,820	17,183

*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 2004-05 \$'000	Revised Budget 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	2,348	6,414	5,396	5,568	5,698
Appropriations	137,456	174,845	180,244	189,939	194,400
Other	6,155	6,082	6,275	6,559	6,657
Total cash received	145,959	187,341	191,915	202,065	206,755
Cash used					
Employees	73,833	92,986	101,320	108,508	111,034
Suppliers	55,890	66,898	69,025	72,148	73,230
Total cash used	129,723	159,884	170,345	180,656	184,264
Net cash from or (used by) operating activities	16,236	27,456	21,570	21,409	22,491
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	403	645	788	827	868
Total cash received	403	645	788	827	868
Cash used					
Purchase of property, plant and equipment	29,374	41,537	34,492	52,423	60,522
Total cash used	29,374	41,537	34,492	52,423	60,522
Net cash from or (used by) investing activities	(28,971)	(40,892)	(33,704)	(51,597)	(59,653)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	23,933	25,609	14,451	24,529	28,512
Total cash received	23,933	25,609	14,451	24,529	28,512
Cash used					
Repayments of debt	115	-	-	-	-
Total cash used	115	-	-	-	-
Net cash from or (used by) financing activities	23,818	25,609	14,451	24,529	28,512
Net increase or (decrease) in cash held	11,083	12,173	2,317	(5,658)	(8,650)
Cash at the beginning of the reporting period	7,216	18,299	30,472	32,789	27,131
Cash at the end of the reporting period	18,299	30,472	32,789	27,131	18,481

Table 3.4: Departmental statement of changes in equity — summary of movement Budget year 2005-06

	Accumulated Results \$'000	Asset Revaluation Reserve \$'000	Contributed Equity/ Capital \$'000	Total Equity \$'000
Opening balance as at 1 July 2005				
Balance carried forward from previous period	(4,801)	8,734	56,714	60,647
Adjusted opening balance	(4,801)	8,734	56,714	60,647
Income and expense	-	-	-	-
Net operating result	8,781	-	-	8,781
Total income and expenses recognised directly in equity	8,781	-	-	8,781
Transactions with owners				
Appropriation (equity injection)	-	-	25,609	25,609
Sub-total transactions with owners	-	-	25,609	25,609
Closing balance as at 30 June 2006	3,980	8,734	82,323	95,037

Table 3.5: Departmental capital budget statement

	Actual 2004-05 \$'000	Revised Budget 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	23,933	25,609	14,451	24,529	28,512
Total capital appropriations	23,933	25,609	14,451	24,529	28,512
Represented by:					
Purchase of non-financial assets	23,933	25,609	14,451	24,529	28,512
Total represented by	23,933	25,609	14,451	24,529	28,512
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	20,433	29,109	14,451	24,529	28,512
Funded internally by Departmental resources	8,941	12,428	20,041	27,894	32,010
Total	29,374	41,537	34,492	52,423	60,522

Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement Budget year 2005-06

	Land	Buildings	Other Infrastructure Plant and Equipment	Computer Software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2005					
Gross book value	1,500	21,931	38,321	8,934	70,686
Accumulated depreciation	-	-	512	5,689	6,201
Opening net book value	1,500	21,931	37,809	3,245	64,485
Additions:					
by purchase	-	18,963	15,787	6,787	41,537
Depreciation/amortisation expense	-	3,655	7,606	2,879	14,140
Disposals:					
other disposals	-	-	(774)	-	(774)
As at 30 June 2006					
Gross book value	1,500	40,894	53,334	15,721	111,449
Accumulated depreciation	-	3,655	8,118	8,568	20,341
Closing net book value	1,500	37,239	45,216	7,153	91,108

NOTES TO THE FINANCIAL STATEMENTS

Basis of Accounting

The Budget statements for ASIO have been prepared in accordance with Australian Accounting Standards, Accounting Guidance Releases and having regard to Statements of Accounting Concepts and the Australian Equivalents to International Financial Reporting Standards (AEIFRS).

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 2005–06 Budget

The increased appropriations from \$171.727m in the 2005-06 Budget to \$174.845m relates to additional funding requirements for temporary accommodation (\$3.118m). Funding for National security - introducing a maritime crew visa will not commence until 2006-07. Capital funding for the additional accommodation requirements is provided through equity injection.