

AUSTRALIAN SECURITY INTELLIGENCE ORGANISATION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION FOR 2008–09

The Australian Security Intelligence Organisation's (ASIO's) role is to identify and investigate threats to security, both in Australia and overseas, and to provide advice to protect Australia, its people and its interests. It supports the Australian Government's policy aim of a 'secure Australia in a secure region'.

Security is defined in the *Australian Security Intelligence Organisation Act 1979* (the ASIO Act) as espionage, sabotage, politically motivated violence, the promotion of communal violence, attacks on Australia's defence system and acts of foreign interference. It also includes carrying out Australia's responsibilities to any foreign country in relation to security.

ASIO is the only Australian intelligence agency which both collects and assesses security intelligence.

Countering the threat of terrorism directed against Australians and Australian interests worldwide continues to be the major focus for ASIO. Extremists have shown themselves to be patient, persistent and innovative, and they continue to attract new followers. They represent a threat that will confront Australia and many other countries for years to come. Any hiatus between attacks, including those directed against Australians, cannot be considered to signal the end of the threat. The flow of intelligence-related information to ASIO continues to increase. The volatile security environment in many places around the world means that more Australians are likely to feel the impact of terrorism, either directly or indirectly.

Improvement of ASIO's complex analysis capability remains a priority, as does strengthening engagement with Australian and international partners. Such partnerships are central in the global effort to counter terrorism. ASIO continues to work closely with law enforcement and related partners in supporting terrorism-related prosecutions – an important component of ASIO's work and one that continues to trend upwards in volume and complexity. Border security remains a key focus, with progress on improved processes, including connectivity with critical partners.

ASIO continues to build momentum in areas other than counter-terrorism, including counter-espionage and foreign interference. And it is strengthening engagement with the private sector, principally through the Business Liaison Unit, which currently has 362 subscribers to its website and has posted 128 reports on the site.

In October 2005 ASIO commenced implementation of a five-year strategic plan to boost its intelligence collection and analytical capabilities, including additional recruitment of staff across all work areas. ASIO remains on track to meet the government-endorsed target of 1,860 staff by 2010–11. ASIO currently has around 1,470 staff, which is more than double the number at the end of 2002–03 (668). ASIO will continue to recruit around 170 staff in each of 2008–09 and 2009–10. Meeting this annual recruitment target is proving increasingly challenging in the tight employment market. With the influx of a large number of new staff, ASIO's training and development commitment has been enhanced; this will remain a priority in the years ahead.

The breadth and depth of the organisation-wide growth in capability is evident. ASIO can more effectively manage multiple high-priority investigations in diverse locations and for longer durations. The commitment of additional resources means that ASIO is now more capable, more effective and more productive. But there is no place for complacency and there can be no guarantees of immunity from terrorism.

ASIO's focus will remain fixed firmly on the prevention of harm to Australians and Australian interests, wherever threats emerge, while managing effectively the continued growth of the organisation to meet current and future challenges. Accordingly, ASIO's identified critical success factors to 2011 include:

- countering threats to security
- managing growth and change
- enhancing the capability of its people
- shaping an appropriate culture, and
- increasing the capability of its technology and systems.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows total resources from all origins. The table summarises how resources will be applied by outcome and by departmental classification.

Table 1.1: Resource statement—Budget estimates for 2008–09 (as at Budget May 2008)

	Estimate of prior year amounts available in 2008–09 (\$'000)	+ Proposed at Budget 2008–09 (\$'000)	= Total estimate 2008–09 (\$'000)	Estimated appropriation available 2007–08 (\$'000)
ORDINARY ANNUAL SERVICES				
Departmental outputs				
Departmental outputs	35,993 ⁴	352,653 ¹	388,646	291,460
S 31 relevant agency receipts	–	5,730 ³	5,730	5,670
Total ordinary annual services	35,993	358,383	394,376⁵	297,130
OTHER SERVICES				
Departmental non-operating				
Equity injections	152,046	70,810 ²	222,856	158,661
Total other services	152,046	70,810	222,856	158,661
Total resourcing for the Australian Security Intelligence Organisation	188,039	429,193	617,232	455,791

All figures are GST exclusive.

Notes:

1. Appropriation Bill (No. 1) 2008–09.
2. Appropriation Bill (No. 2) 2008–09.
3. Section 31 relevant agency receipts—estimate.
4. Estimated adjusted balance carried forward from previous year for annual appropriations.
5. The total available departmental operating appropriation (outputs) will not equal the total of all outputs in the outcome resource statements as they budget for estimated appropriation attributable to outcomes and not the total available. For reconciliation see Table 3.1.1.

1.3 BUDGET MEASURES

There are no new measures for ASIO.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the government on the Australian community. Agencies are required to identify the output groups that demonstrate their contribution to government outcomes over the coming year.

ASIO outcome is described below by output, including the indicators and targets used to assess and monitor performance.

2.1.1 Outcome 1: A secure Australia for people and property, Government business and national infrastructure, and special events of national and international significance

Outcome 1 strategy

ASIO's outcome supports the government's policy aim of a 'secure Australia in a secure region'.

The information provided in the ASIO Budget Statement has necessarily been limited by the need to observe the requirements of national security. This is consistent with current practice observed by ASIO in presenting its annual report, where all sensitive information is excluded in accordance with section 94 of the ASIO Act.

This Budget Statement contains broad information on appropriations and performance. Additional national security classified information is provided to the Attorney-General and the National Security Committee of Cabinet. This enables scrutiny of the detail of ASIO's appropriations and performance information related to outcomes and outputs.

Outcome 1 resource statement

Table 2.1 provides additional detail of Budget appropriations and the total resourcing available for Outcome 1.

Table 2.1: Total resources available for Outcome 1

	2008–09 total estimate of available resources (\$'000)	2007–08 estimated actual (\$'000)
Outcome 1		
Output 1.1: Security intelligence		
Departmental outputs	352,653	291,460
Revenues from other sources (s 31)	5,730	4,843
Total resources for Outcome 1	358,383	296,303
Average staffing level (number)	1,535	1,349

Contributions to Outcome 1

Output 1.1

Output 1.1: Security intelligence	
<p>ASIO is Australia’s national security service and performs a vital role in protecting Australia, its people and its interests from threats to security as defined in the ASIO Act whether they arise in or outside Australia.</p> <p>Components of Output 1.1</p> <p>In support of ASIO’s outcome and its output, security intelligence, there are four components, each providing a key contribution to the outcome:</p> <ul style="list-style-type: none"> • security intelligence analysis and advice including strategic, investigative and complex analysis; threat assessments; border security; critical infrastructure protection; policy contribution; and support to prosecutions • protective security advice including counter-terrorist checking; personnel security; physical security; and policy contribution • security intelligence investigation and capabilities including the maintenance and enhancement of all-source security intelligence collection; complex tactical and technical analysis; technical research and development; counter-terrorism response; national and international liaison; and policy contribution, and • foreign intelligence collection in Australia at the request of the Minister for Foreign Affairs or the Minister for Defence, as well as incidentally through security intelligence investigations and liaison with overseas partners. 	
Key performance indicators	2008–09 target
<p>The contribution of ASIO’s action and advice to the management and the reduction of risk to:</p> <ul style="list-style-type: none"> • people and property • government business and national infrastructure • special events of national and international significance 	<p>Level of Australian Government satisfaction monitored by client feedback</p> <p>Relevant client feedback on agency outputs in regard to quality and timeliness</p> <p>Resource use against priorities and cost effectiveness</p> <p>ASIO’s security performance</p>
The security of ASIO’s activities	Maintenance of ASIO’s security integrity

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the Budget year 2008–09. It explains how budget plans are incorporated into the financial statements.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The agency resource statement (Table 1.1) details the total available appropriation from all sources. For departmental operating appropriation (outputs) this includes carry-forward amounts as well as amounts appropriated at Budget. As agencies incur and are funded for future liabilities (generally depreciation and employee entitlements), the total amount of departmental operating appropriation available to an agency is unlikely to be fully used in the Budget year.

The difference between the agency resource statement and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009–10 Budget year, including amounts related to meeting future obligations to maintain the agency’s asset base and to meet employee entitlement liabilities.

Table 3.1.1 reconciles the total available appropriation and amounts attributable to outcomes.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	(\$'000)
Total available departmental operating appropriation (outputs)	394,376
Less estimated payments in 2008–09	(320,255)
Estimated departmental outputs carried forward and available for 2009–10	74,121

3.1.2 Movement of administered funds between years

ASIO has no administered funds.

3.1.3 Special accounts

ASIO has no special accounts.

3.1.4 Australian Government Indigenous expenditure

ASIO has no Australian Government Indigenous expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences between agency resourcing and financial statements

There are no significant differences between the agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

Income statement

Total income is estimated to be \$358.383m in 2008–09, an increase of \$62.080m from 2007–08. The majority of the increase relates to measures arising from the independent review of ASIO’s resources conducted in 2005–06 (the Taylor Review). Commencing in 2006–07, the combined measures provide a five-year strategic program for ASIO to strengthen its capability to better meet the range of challenges faced.

Total expenses are estimated to be \$358.383m in 2008–09, an increase of \$62.080m from 2007–08. The increase is primarily the result of increased expenses relating to the measures approved in the 2006–07 and 2007–08 Budgets.

ASIO has estimated an operating surplus of nil in 2008–09, and in the forward estimate years.

Balance sheet

ASIO’s estimated net asset position is \$445.232m in 2008–09, an increase of \$70.810m from 2007–08. The increase is attributable to capital equity injections from previously approved Budget measures already reflected in forward estimates.

Capital budget statement

ASIO is estimating capital outlays of \$111.534m in 2008–09, a decrease of \$2.282m from 2007–08. These capital outlays are funded through capital appropriations from 2008–09, through capital appropriation funding remaining from prior year measures and internally by departmental resources.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Budgeted departmental income statement (for the period ended 30 June)

	Estimated actual 2007-08 (\$'000)	Budget estimate 2008-09 (\$'000)	Forward estimate 2009-10 (\$'000)	Forward estimate 2010-11 (\$'000)	Forward estimate 2011-12 (\$'000)
INCOME					
Revenue					
Revenue from government	291,460	352,653	407,491	413,241	417,284
Goods and services	3,148	3,208	3,275	3,341	3,341
Other	1,695	2,522	2,571	2,624	2,676
Total revenue	296,303	358,383	413,337	419,206	423,301
Total income	296,303	358,383	413,337	419,206	423,301
EXPENSES					
Employees	144,696	168,350	201,419	221,817	231,463
Suppliers	101,079	140,803	154,514	126,718	111,591
Depreciation and amortisation	46,190	49,230	57,404	70,671	80,247
Losses from sale of assets	165	–	–	–	–
Other	4,173	–	–	–	–
Total expenses	296,303	358,383	413,337	419,206	423,301
Surplus (deficit) attributable to the Australian Government	–	–	–	–	–

Table 3.2.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2007–08 (\$'000)	Budget estimate 2008–09 (\$'000)	Forward estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)
ASSETS					
Financial assets					
Cash and cash equivalents	13,589	14,879	15,668	14,026	16,354
Trade and other receivables	177,709	215,621	226,456	281,982	253,739
Other	1,801	1,836	1,874	1,911	1,911
Total financial assets	193,099	232,336	243,998	297,919	272,004
Non-financial assets					
Land and buildings	69,022	102,033	97,318	86,422	80,119
Infrastructure, plant and equipment	129,897	141,380	154,659	171,043	208,424
Intangibles	13,276	10,418	8,343	11,915	7,543
Other	12,056	17,242	19,071	15,383	13,355
Total non-financial assets	224,251	271,073	279,391	284,763	309,441
Total assets	417,350	503,409	523,389	582,682	581,445
LIABILITIES					
Provisions					
Employees	30,731	31,632	37,599	43,936	50,316
Other	7,569	18,732	15,313	20,512	13,984
Total provisions	38,300	50,364	52,912	64,448	64,300
Payables					
Suppliers	598	2,220	2,499	1,944	1,635
Other	4,030	5,593	6,289	4,897	4,117
Total payables	4,628	7,813	8,788	6,841	5,752
Total liabilities	42,928	58,177	61,700	71,289	70,052
Net assets	374,422	445,232	461,689	511,393	511,393
EQUITY¹					
Parent entity interest					
Contributed equity	353,970	424,780	441,237	490,941	490,941
Reserves	8,894	8,894	8,894	8,894	8,894
Retained surpluses or accumulated deficits	11,558	11,558	11,558	11,558	11,558
Total parent entity interest	374,422	445,232	461,689	511,393	511,393
Total equity	374,422	445,232	461,689	511,393	511,393
Current assets	205,155	229,578	263,069	313,302	285,359
Non-current assets	212,195	273,831	260,320	269,380	296,086
Current liabilities	23,727	34,738	33,733	40,603	35,975
Non-current liabilities	19,201	23,439	27,967	30,686	34,077

Note:

1. Equity is the residual interest in assets after deduction of liabilities.

Table 3.2.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2007–08 (\$'000)	Budget estimate 2008–09 (\$'000)	Forward estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)
OPERATING ACTIVITIES					
Cash received					
Goods and services	4,316	3,126	3,183	3,250	3,341
Appropriations	176,460	332,653	392,491	358,241	447,284
Other	19,232	26,490	20,281	20,489	23,091
Total cash received	200,008	362,269	415,955	381,980	473,716
Cash used					
Employees	145,878	160,399	188,530	207,945	217,391
Suppliers	98,128	159,856	171,613	136,027	120,948
Total cash used	244,006	320,255	360,143	343,972	338,339
Net cash from (used by) operating activities	(43,998)	42,014	55,812	38,008	135,377
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	113,816	111,534	71,480	89,354	133,049
Total cash used	113,816	111,534	71,480	89,354	133,049
Net cash from (used by) investing activities	(113,816)	(111,534)	(71,480)	(89,354)	(133,049)
FINANCING ACTIVITIES					
Cash received					
Appropriations—contributed equity	158,661	70,810	16,457	49,704	–
Total cash received	158,661	70,810	16,457	49,704	–
Net cash from (used by) financing activities	158,661	70,810	16,457	49,704	–
Net increase (decrease) in cash held	847	1,290	789	(1,642)	2,328
Cash at the beginning of the reporting period	12,742	13,589	14,879	15,668	14,026
Cash at the end of the reporting period	13,589	14,879	15,668	14,026	16,354

Table 3.2.4: Departmental statement of changes in equity—summary of movement (Budget year 2008–09)

	Retained earnings (\$'000)	Asset revaluation reserve (\$'000)	Contributed equity/ capital (\$'000)	Total equity (\$'000)
Opening balance as at 1 July 2008				
Balance carried forward from previous period	11,558	8,894	353,970	374,422
Income and expenses				
Net operating result	–	–	–	–
Total income and expenses	–	–	–	–
Transactions with owners				
Contribution by owners				
<i>Appropriation (equity injection)</i>	–	–	70,810	70,810
Total transactions with owners	–	–	70,810	70,810
Estimated closing balance as at 30 June 2009	11,558	8,894	424,780	445,232

3.2.4 Notes to the financial statements

Basis of accounting

The budgeted financial statements have been prepared in accordance with the requirements of the Finance Minister’s Orders, Australian Accounting Standards, Australian Equivalents to International Financial Reporting Standards and Accounting Guidance Releases, and having regard to the Statements of Accounting Concepts.

Revenue from government

Amounts appropriated for departmental outputs are recognised as revenue, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is only recognised when it is earned. Appropriations receivable are recognised at their nominal amounts.

Revenue from other sources

Revenue from other sources relates to other revenue received under section 31 of the *Financial Management and Accountability Act 1997*. This includes revenue for the provision of security assessments and protective security advice, proceeds on sale of assets, rental charges, and resources that are received free of charge.

Employee expenses

Employee expenses consist of salaries, leave entitlements and superannuation.

Supplier expenses

Supplier expenses include consultant, contractor, travel and administrative costs.

Assets

Assets are made up of cash, receivables, land and buildings, infrastructure, plant and equipment, computer software and other (prepayments).

Cash includes notes and coins held and any deposits held at call with a bank or other financial institution.

Liabilities

Liabilities are made up of employee salary and leave entitlement, property lease make-good provisions and amounts owed to creditors.