

# AUSTRALIAN SECURITY INTELLIGENCE ORGANISATION

## Outcomes and Outputs

**Australian Security Intelligence Organisation**  
**Director-General of Security : Mr Dennis Richardson AO**

Total Price of Outputs \$101.493m  
Departmental Outcomes Appropriation \$98.210m

**Outcome 1**

A secure Australia for people and property, for government business and national infrastructure, and for special events of national and international significance

Total Price \$101.493m  
Departmental Outputs Appropriation \$98.210m

**Output 1.1**

Security intelligence

Total Price \$101.493m  
Appropriation \$98.210m

## Section 1: Overview, variations and measures

### OVERVIEW

The Additional Estimates Statements reflect the final budget outcome for the 2002–03 financial year and updated budget position for 2003–04.

The Additional Estimates variations do not result in any changes in ASIO’s role, mission, outcomes and outputs. No changes to the budget have resulted from evaluations, competitive tendering, contracting and purchaser/provider arrangements since the start of the 2003–04 financial year.

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

### ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The Additional Estimates reflect additional funding agreed by Government since the 2003–04 Budget. This has given rise to an increase in revenue appropriations of \$2.974m and an equity injection of \$1.508m for capital expenditure in 2003–04.

Increased revenue appropriations for 2004–05 to 2007–08 as a result of new measures agreed in 2003–04 are as follows:

### Measures

	2003–04 (\$'000)	2004–05 (\$'000)	2005–06 (\$'000)	2006–07 (\$'000)
<b>Outcome 1</b>				
<b>Changes to appropriations (Appropriations Bill (No 3))</b>				
National Threat Assessment Centre – establishment	2,857	9,078	9,098	9,368
Aviation Security – enhancement	-	1,815	1,841	1,870
Budget estimates – enhanced quality and timeliness	117	119	122	124
<b>Increase in departmental appropriations</b>	<b>2,974</b>	<b>11,012</b>	<b>11,061</b>	<b>11,362</b>

## **MEASURES — AGENCY SUMMARY**

### **National Threat Assessment Centre – establishment**

The Government has provided \$43.1m (\$37.3m for operating expenses, \$3.1m for capital items and \$2.7m for depreciation) over five years to establish a National Threat Assessment Centre (NTAC). Funding for each financial year from 2003–04 to 2006–07 is shown in Table 1.1 below. Funding for 2007–08 is \$9.9m (\$8.8m for operating expenses, \$0.3m for capital items and \$0.8m for depreciation).

The NTAC is a dedicated multi-agency round the clock threat assessment centre located within ASIO. It will enhance Australia's national security and counter-terrorism capabilities. Its assessments form the basis for determining the national counter terrorism alert level, inform government decision making about security measures, and are used by DFAT in preparing travel advisories.

### **Aviation Security – enhancement**

The Government has provided \$8.6m (\$5.5m for operating expenses, \$1.2m for capital items and \$1.9m for depreciation) over four years to enhance aviation security liaison. Funding for each financial year from 2003–04 to 2006–07 is shown in Table 1.1 below. Funding for 2007–08 is \$1.9m (\$1.4m for operating expenses, \$0.5m for depreciation).

### **Budget estimates – enhanced quality and timeliness**

The Government will provide additional funding to agencies of \$88.5m over five years (including \$0.1m in 2007–08) to implement the Budget Estimates and Framework Review (BEFR) recommendations. This funding includes capital of \$7.4m over four years.

In the 2003–04 Budget the Government made provision for \$78.0m over five years to improve the accuracy, responsiveness and effectiveness of agencies' contribution to the Commonwealth's budget estimates and framework system and to assist agencies to drive improved financial management and reporting within their organisations. The Government has provided an extra \$10.5m over five years to fund agencies to implement BEFR recommendations.

The Government has provided ASIO with funding of \$0.6m over five years to enhance the quality and timeliness of Budget estimates. Funding for each financial year from 2003–04 to 2006–07 is shown in Table 1.1 below. Funding for 2007–08 is \$0.1m. There is no capital component.

**Table 1.1: Summary of Measures since the 2003–04 Budget**

Measure	Outcome	Output Affected	Appropriations 2003–04 (\$'000)			Appropriations 2004–05 (\$'000)			Appropriations 2005–06 (\$'000)			Appropriations 2006–07 (\$'000)		
			Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total
National Threat Assessment Centre – establishment (1)(3)	1	1	-	2,857	2,857	-	9,078	9,078	-	9,098	9,098	-	9,368	9,368
Aviation Security – enhancement (2)(4)	1	1	-	-	-	-	1,815	1,815	-	1,841	1,841	-	1,870	1,870
Budget estimates – enhanced quality and timeliness	1	1	-	117	117	-	119	119	-	122	122	-	124	124
<b>Total</b>			-	<b>2,974</b>	<b>2,974</b>	-	<b>11,012</b>	<b>11,012</b>	-	<b>11,061</b>	<b>11,061</b>	-	<b>11,362</b>	<b>11,362</b>

**Expense Measure**

- (1) Establishment of a National Threat Assessment Centre: Funding from 2003–04 to 2006–07 totalling \$30.401m as shown in this table includes funding for depreciation but not capital items. Funding for 2007–08 including depreciation but not capital items is \$9.649m.
- (2) Enhanced aviation security liaison: Funding from 2003–04 to 2006–07 totalling \$5.526m as shown in this table includes funding for depreciation but not capital items. Funding for 2007–08 including depreciation but not capital items is \$1.900m.

**Capital Measure**

- (3) Establishment of a National Threat Assessment Centre: The additional capital funding for this measure is \$3.079m (\$1.508m in 2003–04, \$0.906m in 2004–05, \$0.210m in 2005–06, \$0.215m in 2006–07 and \$0.240 in 2007–08).
- (4) Enhanced aviation security liaison: The additional capital funding for this measure is \$1.212m in 2004–05.

## BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

**Table 1.2: Appropriation Bill (No 3) 2003–04**

	2002–03 Available \$'000	2003–04 Budget \$'000	2003–04 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
<b>DEPARTMENTAL OUTPUTS</b>					
<b>Outcome 1</b>					
A secure Australia for people and property, for government business and national infrastructure, and special events of a national and international significance					
	85,675	95,236	98,210	2,974	-
<b>Total</b>	<b>85,675</b>	<b>95,236</b>	<b>98,210</b>	<b>2,974</b>	<b>-</b>

**Table 1.3: Appropriation Bill (No 4) 2003–04**

	2002–03 Available \$'000	2003–04 Budget \$'000	2003–04 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
<b>Non-Operating</b>					
Equity injections					
	4,692	9,129	10,637	1,508	-
<b>Total</b>	<b>4,692</b>	<b>9,129</b>	<b>10,637</b>	<b>1,508</b>	<b>-</b>

## SUMMARY OF STAFFING CHANGES

**Table 1.4: Average Staffing Level (ASL)**

	2003–04 Budget	2003–04 Revised	Variation
<b>Outcome 1</b>			
A secure Australia for people and property, for government business and national infrastructure, and special events of a national and international significance			
	724	737	13
<b>Total</b>	<b>724</b>	<b>737</b>	<b>13</b>

The ASL is the average of the actual final staffing level for 2002–03 and projected staffing level of 2003–04. The variation in the ASL reflects additional staff to establish the NTAC and the final staffing level for 2002–03 being lower than that originally forecast.

## 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 2003–04 Budget \$'000	Total Approp 2003–04 Revised \$'000	Receipts from Independent Sources Budget \$'000	Receipts from Independent Sources Revised \$'000	Variation in Non-Govt Revenue \$'000
<b>Outcome 1</b>					
A secure Australia for people and property, for government business and national infrastructure, and special events of a national and international significance	97,678	101,493	3,242	3,283	41
<b>Total</b>	<b>97,678</b>	<b>101,493</b>	<b>3,242</b>	<b>3,283</b>	<b>41</b>

## REVENUE FROM INDEPENDENT SOURCES

**Table 1.6: Revenue from Independent Sources**

	Budget Estimate 2003–04 \$'000	Revised Estimate 2003–04 \$'000
<b>DEPARTMENTAL REVENUE</b>		
Proceeds from sale of goods and services	1,912	1,902
Proceeds from sale of assets	800	881
Other revenue	530	500
<b>Total non-appropriation administered revenue</b>	<b>3,242</b>	<b>3,283</b>

The variation of \$0.041m in revenue from independent sources relates to minor increases in proceeds from sale of assets off set by reductions in other revenue.

## 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 arising from Additional Estimates variations and measures.

### **Output cost attribution**

Consistent with best practices, ASIO's direct output costs are aligned to the Organisation's organisational structure. Corporate support costs are allocated to outputs using activity based costing methodology.

## Section 3: Budgeted financial statements

### **ANALYSIS OF BUDGETED FINANCIAL STATEMENTS**

#### **Budgeted Statement of Financial Performance**

##### **Revenue Appropriation**

Revenue appropriations for 2003–04 have increased by 3% from \$95.236m to \$98.210m reflecting additional funding for the establishment of a National Threat Assessment Centre and for enhancing the quality and timeliness of Budget estimates. The total additional revenue appropriation in 2003–04 is \$2.974m.

##### **Revenue from Independent Sources**

The increase in revenue from independent sources from the initial budget of \$3.242m for 2003–04 to \$3.283m reflects minor increase in the proceeds from the sale of assets.

##### **Employee expenses**

Staff costs are projected to increase to \$58.514m from the previous budget of \$57.173m, reflecting increased staffing levels for the National Threat Assessment Centre and other recruitment activities that are currently underway.

##### **Supplier expenses**

Supplier expenses represent payments to third parties, other than to staff, that is necessary to conduct investigations and analysis and to meet the recurrent business support costs. Supplier expenses include amounts payable for new measures funded by Government.

Variations in supplier expenses reflect reprioritisation of operational activities.

##### **Depreciation**

Increase in depreciation charges reflects higher investment in operational equipment and technology planned for 2003–04.

Depreciation charges are included in the statement of financial performance as part of the total cost of service. Funding for depreciation charges provides for the renewal of assets at the end of their useful lives.

##### **Operating surplus/(deficit)**

ASIO ended the 2002–03 financial year with a deficit of \$2.038m. Ongoing increases in operational and analytical demands and the recruitment and training of new staffing resources will continue in 2003–04 and 2004–05. The operating deficit in 2006–07 arises from the payment of expenditure funded in earlier years.

## **Budgeted Statement of Financial Position**

### **Non-financial assets**

Non-financial assets comprise land and buildings, infrastructure plant and equipment and computer software. The increase in non-financial assets from \$36.060m in 2002-03 to \$44.567m in 2003-04 reflects investments in operational assets and new technology of which \$10.637m is funded by Government. This increase is offset by the write down of assets in the form of depreciation and asset retirements.

### **Equity injection**

In addition to the \$9.129m capital funding in the 2003-04 Budget, ASIO will receive a further \$1.508m for the establishment of NTAC.

### **Retained surpluses or accumulated deficits**

The accumulated deficit of \$5.272m in 2003-04 reflects the erosion in ASIO's funding base brought forward from previous years.

## **Budgeted Statement of Cash Flows**

The Budgeted Statement of Cash Flows sets out the net cash received from operating activities, investing in the acquisition of property, plant and equipment and financing activities.

The Budgeted Departmental Statement of Cash Flows shows a cash reserve of \$6.353m by the end of 2003-04.

## **Departmental Capital Budget Statement**

The Capital Budget Statement shows total equity injections of \$10.637m, relating to agreed Government measures for 2003-04 and prior years. This funding represents 58% of ASIO's investments in equipment and technology in 2003-04.

## **Departmental Non-financial Assets — Summary of Movement**

The Departmental Non-financial Assets - Summary of Movement table shows the respective assets categories of the Organisation and its investments in equipment and technology in 2003-04.

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

	Note	Actual 2002-03 \$'000	Revised Budget 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000
<b>Revenues from ordinary activities</b>						
Revenue from Government		86,238	98,210	111,890	110,899	104,890
Goods and Services		1,113	1,902	1,653	1,666	1,680
Interest		13	-	-	-	-
Revenue from sales of assets		859	881	900	800	900
Other		723	500	500	500	500
<b>Revenues from ordinary activities</b>		<b>88,945</b>	<b>101,493</b>	<b>114,943</b>	<b>113,865</b>	<b>107,970</b>
<b>Expenses from ordinary activities (excluding borrowing costs expense)</b>						
Employees		48,660	58,514	70,306	69,371	71,555
Suppliers		33,271	33,872	34,803	34,346	30,120
Depreciation and amortisation		8,075	8,479	9,168	8,624	8,059
Value of assets sold		939	1,201	1,220	1,120	1,220
<b>Expenses from ordinary activities (excluding borrowing costs expense)</b>		<b>90,945</b>	<b>102,066</b>	<b>115,497</b>	<b>113,461</b>	<b>110,953</b>
Borrowing cost expense		38	50	50	-	-
<b>Operating surplus or deficit from ordinary activities</b>		<b>(2,038)</b>	<b>(623)</b>	<b>(604)</b>	<b>404</b>	<b>(2,983)</b>
<b>Net surplus or deficit</b>		<b>(2,038)</b>	<b>(623)</b>	<b>(604)</b>	<b>404</b>	<b>(2,983)</b>
<b>Net surplus or deficit attributable to the Commonwealth</b>		<b>(2,038)</b>	<b>(623)</b>	<b>(604)</b>	<b>404</b>	<b>(2,983)</b>

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

	Actual 2002–03 \$'000	Revised Budget 2003–04 \$'000	Forward Estimate 2004–05 \$'000	Forward Estimate 2005–06 \$'000	Forward Estimate 2006–07 \$'000
Note					
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	5,350	6,353	5,581	6,700	5,206
Receivables	2,031	2,031	2,031	2,031	2,031
<b>Total financial assets</b>	<b>7,381</b>	<b>8,384</b>	<b>7,612</b>	<b>8,731</b>	<b>7,237</b>
<b>Non-financial assets</b>					
Land and buildings	12,781	12,775	11,931	11,008	10,004
Infrastructure, plant and equipment	20,020	29,317	33,962	34,826	34,911
Intangibles	2,631	1,847	1,499	1,865	2,374
Other	628	628	628	628	628
<b>Total non-financial assets</b>	<b>36,060</b>	<b>44,567</b>	<b>48,020</b>	<b>48,327</b>	<b>47,917</b>
<b>Total assets</b>	<b>43,441</b>	<b>52,951</b>	<b>55,632</b>	<b>57,058</b>	<b>55,154</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Leases	331	137	-	-	-
<b>Total interest bearing liabilities</b>	<b>331</b>	<b>137</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Provisions</b>					
Employees	13,781	14,495	15,255	16,068	16,932
<b>Total provisions</b>	<b>13,781</b>	<b>14,495</b>	<b>15,255</b>	<b>16,068</b>	<b>16,932</b>
<b>Payables</b>					
Suppliers	5,555	4,531	4,525	4,524	4,524
<b>Total payables</b>	<b>5,555</b>	<b>4,531</b>	<b>4,525</b>	<b>4,524</b>	<b>4,524</b>
<b>Total liabilities</b>	<b>19,667</b>	<b>19,163</b>	<b>19,780</b>	<b>20,592</b>	<b>21,456</b>
<b>EQUITY</b>					
<b>Parent equity interest</b>					
Contributed equity	22,144	32,781	35,449	35,659	35,874
Reserves	6,279	6,279	6,279	6,279	6,279
Retained surpluses or accumulated deficits	(4,649)	(5,272)	(5,876)	(5,472)	(8,455)
<b>Total equity</b>	<b>23,774</b>	<b>33,788</b>	<b>35,852</b>	<b>36,466</b>	<b>33,698</b>
<b>Total equity and liabilities</b>	<b>43,441</b>	<b>52,951</b>	<b>55,632</b>	<b>57,058</b>	<b>55,154</b>
<b>Current assets</b>	<b>8,009</b>	<b>9,012</b>	<b>8,240</b>	<b>9,359</b>	<b>7,865</b>
<b>Non-current assets</b>	<b>35,432</b>	<b>43,939</b>	<b>47,392</b>	<b>47,699</b>	<b>47,289</b>
<b>Current liabilities</b>	<b>11,667</b>	<b>10,763</b>	<b>11,180</b>	<b>11,592</b>	<b>12,256</b>
<b>Non-current liabilities</b>	<b>8,000</b>	<b>8,400</b>	<b>8,600</b>	<b>9,000</b>	<b>9,200</b>

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

	Actual 2002-03 \$'000	Revised Budget 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations for outputs	85,675	98,210	111,890	110,899	104,890
Sales of goods and services	1,207	2,402	2,153	2,166	2,180
Interest	13	-	-	-	-
Other (GST)	2,921	5,206	4,865	4,440	3,899
<b>Total cash received</b>	<b>89,816</b>	<b>105,818</b>	<b>118,908</b>	<b>117,505</b>	<b>110,969</b>
<b>Cash used</b>					
Employees	46,915	57,801	69,545	68,559	70,690
Suppliers	35,812	34,895	34,803	34,346	30,120
Other (GST)	-	3,387	3,480	3,435	3,012
<b>Total cash used</b>	<b>82,727</b>	<b>96,084</b>	<b>107,828</b>	<b>106,340</b>	<b>103,822</b>
<b>Net cash from operating activities</b>	<b>7,089</b>	<b>9,735</b>	<b>11,080</b>	<b>11,165</b>	<b>7,147</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Other	859	881	900	800	900
<b>Total cash received</b>	<b>859</b>	<b>881</b>	<b>900</b>	<b>800</b>	<b>900</b>
<b>Cash used</b>					
Purchase of property, plant and equipment (inc GST)	10,783	20,006	15,226	11,056	9,756
<b>Total cash used</b>	<b>10,783</b>	<b>20,006</b>	<b>15,226</b>	<b>11,056</b>	<b>9,756</b>
<b>Net cash from investing activities</b>	<b>(9,924)</b>	<b>(19,125)</b>	<b>(14,326)</b>	<b>(10,256)</b>	<b>(8,856)</b>
<b>FINANCIAL ACTIVITIES</b>					
<b>Cash received</b>					
Other	4,692	10,637	2,669	210	215
<b>Total cash received</b>	<b>4,692</b>	<b>10,637</b>	<b>2,669</b>	<b>210</b>	<b>215</b>
<b>Cash used</b>					
Repayments of debt	239	244	195	-	-
Capital use and dividends paid	2,899	-	-	-	-
<b>Total cash used</b>	<b>3,138</b>	<b>244</b>	<b>195</b>	<b>-</b>	<b>-</b>
<b>Net cash from financing activities</b>	<b>1,554</b>	<b>10,393</b>	<b>2,474</b>	<b>210</b>	<b>215</b>
<b>Net increase in cash held</b>	<b>(1,281)</b>	<b>1,003</b>	<b>(772)</b>	<b>1,119</b>	<b>(1,494)</b>
Cash at the beginning of the reporting period	6,631	5,350	6,353	5,581	6,700
<b>Cash at the end of the reporting period</b>	<b>5,350</b>	<b>6,353</b>	<b>5,581</b>	<b>6,700</b>	<b>5,206</b>

**Table 3.4: Departmental Capital Budget Statement**

	Actual 2002–03 \$'000	Revised Budget 2003–04 \$'000	Forward Estimate 2004–05 \$'000	Forward Estimate 2005–06 \$'000	Forward Estimate 2006–07 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	4,692	10,637	2,669	210	215
Total loans	-	-	-	-	-
<b>Represented by</b>					
Purchase of non-financial assets	4,692	10,637	2,669	210	215
Other	-	-	-	-	-
<b>Total</b>	<b>4,692</b>	<b>10,637</b>	<b>2,669</b>	<b>210</b>	<b>215</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	4,692	10,637	2,669	210	215
Funded internally by departmental resources	6,091	7,550	11,172	9,841	8,654
<b>Total *</b>	<b>10,783</b>	<b>18,187</b>	<b>13,841</b>	<b>10,051</b>	<b>8,869</b>

\* Amount disclosed exclusive of GST.

**Table 3.5: Departmental Non-financial Assets – Summary of Movement (Budget Year 2003–04)**

	Land \$'000	Buildings \$'000	Other Infrastructure Plant and Equipment \$'000	Computer Software \$'000	Total \$'000
Carrying amount at the start of year	944	11,837	20,020	2,631	35,432
Additions	-	1,558	16,208	421	18,187
Disposals	-	-	1,200	-	1,200
Revaluation increments	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-
Depreciation/amortisation expense	-	1,564	5,710	1,205	8,479
Write-off of assets	-	-	-	-	-
<b>Carrying amount at the end of year</b>	<b>944</b>	<b>11,831</b>	<b>29,318</b>	<b>1,847</b>	<b>43,940</b>
<b>Total additions</b>					
Self funded	-	1,558	5,571	421	7,550
Appropriations	-	-	10,637	-	10,637
<b>Total</b>	<b>-</b>	<b>1,558</b>	<b>16,208</b>	<b>421</b>	<b>18,187</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Basis of accounting**

The budget statements for ASIO have been prepared in accordance with Australian Accounting standards, other authoritative pronouncements of the Accounting Standards, other authoritative pronouncements of the Accounting Standards Board (Accounting Guidance Releases), the consensus view of the Urgent Issues Group 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 in as operating expenses.

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

