

AUSTRALIAN SECRET INTELLIGENCE SERVICE

Section 1: Overview	199
Section 2: Resources for 2006-07	200
2.1 Appropriations and other resources.....	200
2.2 2006-07 Budget measures	202
2.3 Other resources available to be used	203
2.6 Special accounts.....	204
2.7 Administered capital and departmental equity injections and loans.....	204
Section 3: Outcomes	205
3.1 Summary of outcomes and contribution to outcomes	205
3.2 Outcomes — departmental and administered	206
3.3 Outcomes and performance	206
Section 5: Budgeted financial statements.....	210
5.1 Analysis of budgeted financial statements.....	210
5.2 Budgeted financial statements tables	210
5.3 Notes to the financial statements.....	213

AUSTRALIAN SECRET INTELLIGENCE SERVICE

Section 1: Overview

The functions of the Australian Secret Intelligence Service (ASIS) are:

- (a) to obtain, in accordance with the Government’s requirements, intelligence about the capabilities, intentions or activities of people or organisations outside Australia;
- (b) to communicate, in accordance with the Government’s requirements, such intelligence;
- (c) to conduct counter-intelligence activities;
- (d) to liaise with intelligence or security services, or other authorities, of other countries; and
- (e) to undertake such other activities as the responsible Minister directs relating to the capabilities, intentions or activities of people or organisations outside Australia.

Table 1.1: Agency outcomes and output groups

Outcome	Description	Output
Outcome 1		
Enhance government understanding of the overseas environment affecting Australia's vital interests and take appropriate action, consistent with applicable legislation, to protect particular identified interests.	Enhance government understanding of the overseas environment affecting Australia's vital interests and take appropriate action, consistent with applicable legislation, to protect particular identified interests.	Output 1.1 Secret Intelligence
		Output 1.2 Other Services

Section 2: Resources for 2006-07

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2006-07, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

The total appropriation for ASIS in the 2006-07 Budget is \$131.4 million.

Table 2.1: Appropriations and other resources 2006-07 ('000)

Australian Secret Intelligence Service
Agency Resourcing—2006-2007

Agency/Outcome/ Non-operating	Departmental				Administered				Total	
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Receipts (a) \$'000	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 SPPs \$'000	Other (b) \$'000	Special Appropriation \$'000		Receipts (a) \$'000
Outcome 1										
Enhance government understanding of the overseas environment affecting Australia's vital interests and take appropriate action, consistent with applicable legislation, to protect particular identified interests.	112,862	18,501	0	22,661	0	0	0	0	0	154,024
Equity injections										
Loans										
Previous years' outputs										
Administered assets and liabilities										
Special capital Appropriation										
TOTAL	112,862	18,501	0	22,661	0	0	0	0	0	154,024

(a) Departmental and administered receipts from other sources (i.e. other than appropriation amounts) that are available to be used.

(b) Includes new administered expenses and administered assets and liabilities.

Notes:

- Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), new agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans.
- Refer to Budgeted Income Statement for application of agency revenue. Agencies should compare their Table 2.1 information with that shown in their Budget Paper 4 Agency Resourcing Table. In general the totals should match. Any differences in presentation (for example, in Revenue from Other Sources lines) should be provided to their Finance Agency Advice Unit along with an explanation of the differences. Appropriation amounts must match those in AIMS (which are reflected in Budget Paper 4). In general AIMS is the authoritative source of estimates agreed by government. Budget information and totals etc in PB Statements tables should be capable of being reconciled to the authoritative figures in AIMS.

2.2 2006-07 BUDGET MEASURES

Budget measures relating to ASIS as explained in Budget Paper No. 2 are summarised in Table 2.2. The table also identifies the relevant outcomes, administered items and outputs associated with each measure.

Table 2.2 ASIS measures

Measure	Outcome	Output groups affected	2006-07 \$'000			2007-08 \$'000			2008-09 \$'000			2009-10 \$'000		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
National Security - Australian Secret Intelligence Service - resourcing	1	11 12	0	19,148	19,148	0	24,438	24,438	0	38,564	38,564	0	42,957	42,957
National Security - enhancing regional effectiveness	1	11 12	0	2,600	2,600	0	1,475	1,475	0	5,409	5,409	0	0	0
Securing Borders against Illegal Foreign Fishing - enhanced detection capability	1	11 12	0	652	652	0	1,662	1,662	0	2,023	2,023	0	1,671	1,671
National Security - extending funding for the Australian Secret Intelligence Service	1	11 12	0	0	0	0	0	0	0	0	0	0	0	0
Total			-	22,400	22,400	-	27,575	27,575	-	45,996	45,996	-	44,628	44,628

2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by ASIS for provision of goods or services. These resources are approved for use by the ASIS and are included in Table 2.1.

Table 2.3: Other resources available to be used¹

	Estimated resources 2005-06 \$'000	Budget estimate 2006-07 \$'000
Departmental resources		
Sale of goods and services (FMA Act s.31) ²	18,367	16,361
Resources received free of charge	6,300	6,300
Total departmental other resources available to be used	24,667	22,661

Notes:

1. This table replaces the former table 'Receipts from other sources'. It represents own source receipts available for spending on departmental purposes.
2. *Financial Management and Accountability Act 1997* (FMA Act) section 31 items are to be included as separate rows. Significant section 31 items are to be identified separately from other section 31 resources where appropriate.

2.6 SPECIAL ACCOUNTS

Special accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister’s Determination under the *Financial Management and Accountability Act 1997*. These Determinations may be disallowed by the Parliament. Special Accounts can also be established by the passage of separate legislation. Abolition of Special Accounts requires a Determination to be made by the Finance Minister or, for those Accounts established by legislation, by repeal of the legislation in whole or part. Table 2.6 shows the expected additions (credits) and reductions (debits) for each account used by ASIS.

Table 2.6: Estimates of special account flows and balances

Name of account (A)	Outcome	Opening balance	Credits	Debits	Adjustments	Closing balance
		2006-07	2006-07	2006-07	2006-07	2006-07
		2005-06	2005-06	2005-06	2005-06	2005-06
		\$'000	\$'000	\$'000	\$'000	\$'000
Name of account (A)						
Other Trust Moneys Special	1	0	0	0	0	0
Special Account (D)		0	0	0	0	0
s20 FMA Act						
Name of account (D)						
Services for Other Governments	1	0	0	0	0	0
& Non-Agency Bodies		0	0	0	0	0
Account (D) s20 FMA Act						
Total special accounts						
2006-07 Budget estimate		0	0	0	0	0
Total special accounts						
2005-06 estimate actual		0	0	0	0	0

The purpose of the *Other Trust Moneys Special Account* is for expenditure for moneys temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.

The purpose of the *Services for Other Government & Non Agency Bodies Special Account* is for expenditure in connection with services performed on behalf of other Governments and bodies that are not Agencies under the *Financial Management and Accountability Act 1997*.

2.7 ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

ASIS will receive an equity injection of \$18.5 million in 2006-07 as indicated in Table 2.1. Details of the equity injection have necessarily been limited by the need to observe the requirements of national security.

Section 3: Outcomes

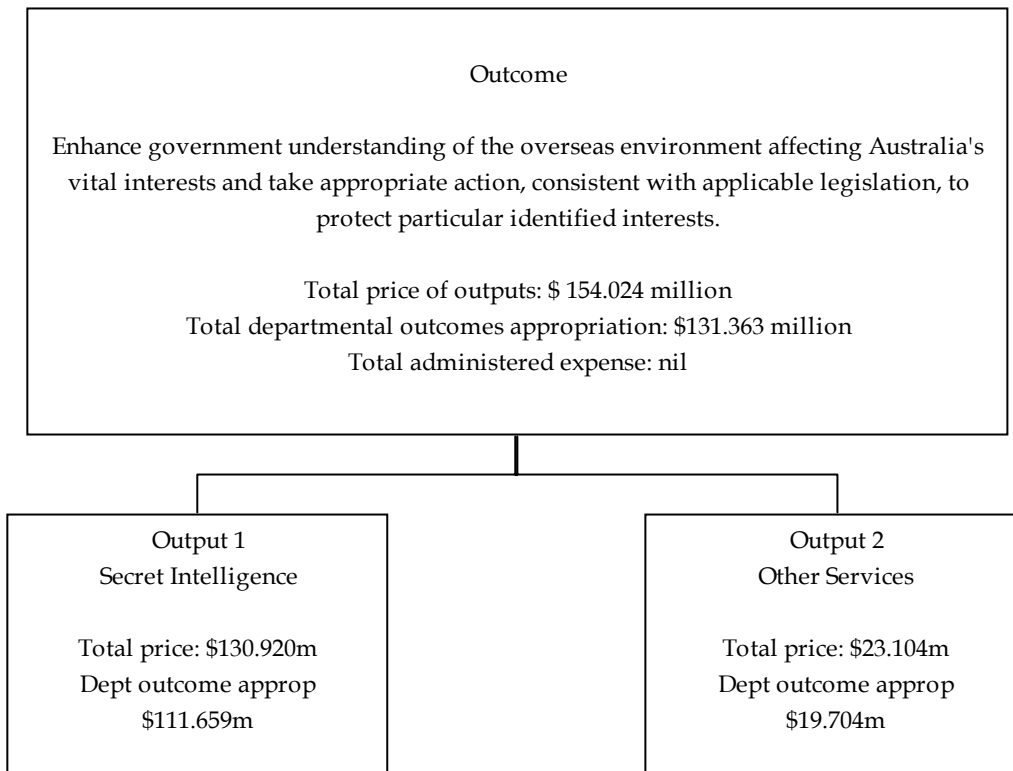
General government sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) and also administer activities and programmes on behalf of the Government (administered items). This section explains how the resources identified in Section 2 will be used to deliver outputs and administered items to contribute to the outcome for ASIS.

Each agency will publish an expanded description of the strategy contained in the agency overview, relating resources to outcomes, administered items and outputs, as well as key performance information such as targets/indicators.

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The relationship between activities of ASIS and the outcome is summarised in Figure 4.

Figure 4: Contributions to outcomes

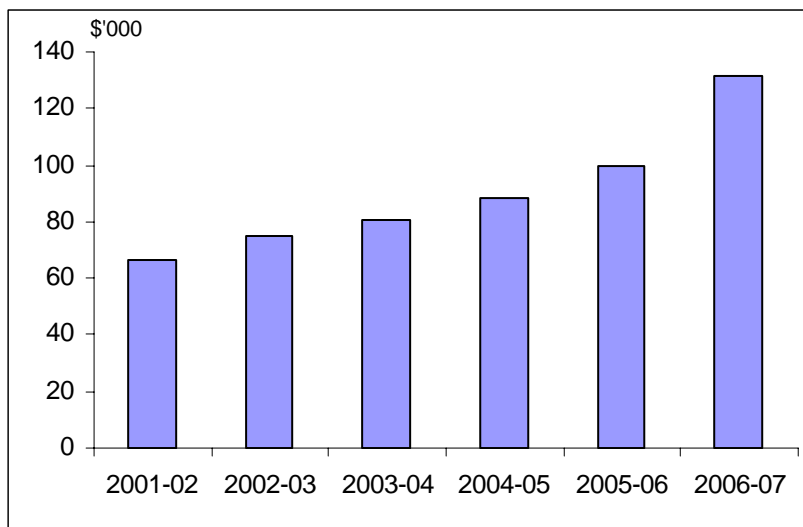


3.2 OUTCOMES — DEPARTMENTAL AND ADMINISTERED

Departmental appropriations by outcome

Chart 1 shows the trend for appropriations for all outcomes from 2001-02 to 2006-07.

Chart 1: Trends in appropriations for all outcomes ('000)



3.3 OUTCOMES AND PERFORMANCE

Outcome 1 resourcing

Table 3.1 shows how the 2006-07 Budget appropriations translate to total resourcing for outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

Table 3.1: Total resources for Outcome 1 (\$'000)

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000
Administered appropriations	0	0
Total administered appropriations	0	0
Departmental appropriations		
Output Group 1.1 - Secret Intelligence	85,298	111,659
Subtotal Output Group 1.1	85,298	111,659
Departmental appropriations		
Output Group 1.2 - Other Services	15,053	19,704
Subtotal Output Group 1.2	15,053	19,704
Total revenue from government (appropriations) Contributing to price of departmental outputs	100,350	131,363
Other resources available to be used		
Sale of goods and services	17,756	15,750
Resources received free of charge	6,300	6,300
Other Revenue	611	611
Total revenue from other sources	24,667	22,661
Total resources		
(Total revenue from government and from other sources)	125,017	154,024
Total estimated resourcing for Outcome 1		
(Total price of outputs and administered appropriations)	125,017	154,024

Measures affecting Outcome 1

National Security – Australian Secret Intelligence Service - resourcing

Total Resourcing*: Outcome 1 will receive \$143.7 million over four years. The yearly funding will be \$9.1 million in 2006-07, \$19.6 million in 2007-08, \$32.3 million in 2008-09 and \$43.3 in 2009-10 under Appropriation Bill No. 1 and \$10.8 million in 2006-07, \$8.3 million in 2007-08, \$12.6 million in 2008-09 and \$7.7 million in 2009-10 under Appropriation Bill No.2.

National Security – enhancing regional effectiveness

Total Resourcing*: Outcome 1 will receive \$11.0 million over four years. The yearly funding will be \$0.4 million in 2006-07, \$1.7 million in 2007-08 and \$4.6 million in 2008-09 under Appropriation Bill No. 1 and \$2.6 million in 2006-07, \$0.2 million in 2007-08 and \$1.5 million in 2008-09 under Appropriation Bill No.2.

Securing Borders against Illegal Foreign Fishing – enhanced detection capability

Total Resourcing*: Outcome 1 will receive \$6.9 million over four years. The yearly funding will be \$0.6 million in 2006-07, \$1.4 million in 2007-08, \$1.8 million in 2008-09 and \$1.8 million in 2009-10 under Appropriation Bill No. 1 and \$0.1 million in 2006-07, \$0.3 million in 2007-08 and \$0.3 million in 2008-09 under Appropriation Bill No.2.

National Security – extending funding for the Australian Secret Intelligence Service

The Government has decided that a number of funding measures funded as lapsing programmes in previous budgets will now be ongoing and included in ASIS's funding base. As funding is already included in ASIS's forward estimates the decision has no fiscal impact.

Further details on the above measures may be found in Budget Paper No.2.

* Note: Total Resourcing in some cases is higher than figures contained in Budget Paper No. 2 Budget Measures 2006-07, arising from funding of depreciation and other items that do not have an impact on fiscal and underlying cash balances.

Performance information for Outcome 1

Overall achievement of the ASIS outcome is assessed by reference to the customers for ASIS services. This is done continuously and is also the subject of comprehensive annual internal and external assessment of results of which are reported to Government. The assessment of performance includes both qualitative and quantitative analysis. No further details of this process are divulged for reasons of national security.

Evaluations for Outcome 1

Evaluation studies are undertaken in ASIS to improve the quality of the Service's programmes. They address three key objectives:

- to assess the impact and improve the quality of the Service operations;
- to provide better feedback on lessons learned; and
- to strengthen activity management procedures.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

The increase in ASIS's operating revenues and net increase in assets is due to new measures as provided by Government over the last four years. Further analysis of the budgeted financial statements is not provided due to the need to observe the requirements of national security.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
INCOME					
Revenue					
Revenues from Government	97,663	112,862	135,575	151,324	163,631
Goods and services	17,756	15,750	16,036	16,336	16,736
Resources received free of charge	6,300	6,300	6,300	6,300	6,300
Other	611	611	611	611	611
Total revenue	122,330	135,523	158,522	174,571	187,278
EXPENSE					
Total expenses	119,847	135,191	158,271	173,719	186,603
Net surplus or (deficit) attributable to the Australian Government	2,483	332	251	852	675

**Table 5.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
ASSETS					
Financial assets					
Total financial assets	21,931	19,462	21,017	19,528	20,558
Non-financial assets					
Total non-financial assets	79,368	101,557	114,575	132,363	140,601
Total assets	101,299	121,019	135,592	151,891	161,159
LIABILITIES					
Interest bearing liabilities					
Total interest bearing liabilities	0	0	0	0	0
Provisions and payables					
Total provisions and payables	28,035	28,922	29,795	30,668	31,541
Total liabilities	28,035	28,922	29,795	30,668	31,541
EQUITY*					
Contributed equity	12,312	30,813	44,262	58,836	66,556
Reserves	27,811	27,811	27,811	27,811	27,811
Retained surpluses	33,141	33,473	33,724	34,576	35,251
Total equity	73,264	92,097	105,797	121,223	129,618
Current assets	23,431	20,962	22,517	21,028	22,058
Non-current assets	77,868	100,057	113,075	130,863	139,101
Current liabilities	19,905	20,736	18,073	15,750	15,750
Non-current liabilities	8,130	8,186	11,722	14,918	15,791

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

**Table 5.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	15,756	14,250	15,036	15,836	16,236
Appropriations	97,663	112,862	135,575	151,324	163,631
Other	3,428	2,299	2,722	2,788	3,094
Total cash received	116,847	129,411	153,333	169,948	182,961
Cash used					
Total cash used	108,282	121,089	142,372	153,503	163,790
Net cash from or (used by) operating activities	8,565	8,322	10,961	16,445	19,171
INVESTING ACTIVITIES					
Cash received					
Total cash received	200	200	200	200	200
Cash used					
Total cash used	14,000	30,980	22,855	32,509	25,861
Net cash from or (used by) investing activities	(13,800)	(30,780)	(22,655)	(32,309)	(25,661)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	2,687	18,501	13,449	14,574	7,720
Total cash received	2,687	18,501	13,449	14,574	7,720
Cash used					
Total cash used	0	0	0	0	0
Net cash from or (used by) financing activities	2,687	18,501	13,449	14,574	7,720
Net increase or (decrease) in cash held	(2,548)	(3,957)	1,755	(1,290)	1,230
Cash at the beginning of the reporting period	19,617	17,019	12,862	14,417	12,927
Effect of exchange rate movements on cash at the beginning of reporting period	(50)	(200)	(200)	(200)	(200)
Cash at the end of the reporting period	17,019	12,862	14,417	12,927	13,957

5.3 NOTES TO THE FINANCIAL STATEMENTS

Departmental Financial Statements

Under the Australian Government's accrual budgeting framework, and consistent with Australian Accounting Standards, ASIS controls all the agency's transactions. ASIS is fully accountable for assets, liabilities, revenues and expenses in relation to the agency. ASIS has no administered transactions.

Appropriations in the accrual budget framework

Under the Australian Government's accrual budgeting framework, separate annual appropriations are provided for:

- Departmental price of outputs appropriations: representing the Government's funding for outputs from agencies; and
- Departmental capital appropriations: for investments by the Government for either additional equity or loans in agencies.