

**Australian Secret Intelligence Service
(ASIS)**

AUSTRALIAN SECRET INTELLIGENCE SERVICE

Section 1: Overview, appropriations and budget measures summary

OVERVIEW

The functions of 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.

APPROPRIATIONS

The total appropriation for the agency in 2002-03 is \$57.381 million.

Table 1.1, on the following page, shows the total appropriations for ASIS for 2002-03 by outcome, by price of output appropriation and revenue from other sources.

Part C: Agency Budget Statements - ASIS

Table 1.1: Appropriations and other revenue

Outcome	Departmental (price of outputs) (\$'000)					Administered (\$'000)			Total appropriations (\$'000)		
	Revenue from Government (appropriations)		Revenue from other sources ⁽⁴⁾	Price of outputs ⁽³⁾	Annual appropriations (\$'000)	Special appropriations ⁽⁵⁾	Total administered appropriations				
	Bill No. 1	Special approps ⁽⁵⁾	Total			Bill No. 1	Bill No. 2 (SPPs & NAOs) ⁽²⁾				
	(A)	(B)	(C = A+B) (C1) ⁽¹⁾	(D)	(E = C+D) (E1) ⁽¹⁾	(F)	(G)	(H)	(I = F+G+H) (I1) ⁽¹⁾	(J=C+I)	
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.	57,381	0	57,381	14,860	72,241	0	0	0	0	72,241	
			79%								
Total	57,381	0	57,381	14,860	72,241	0	0	0	0	72,241	
			(K1) ⁽¹⁾						(K2) ⁽¹⁾		
									Departmental capital (equity injections and loans)	(K3) ⁽¹⁾	0
									Administered capital	(K4)	0
									Total appropriations		72,241

Part C: Agency Budget Statements - ASIS

1. Note: C1, E1 and I1 refer to information provided in Table 2.1.1. Amounts K1 and K2 refer to the Budgeted Statement of Financial Performance and amounts K2 and K3 refer to the Capital Budget.
 2. Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPP's), New Agency Outcomes (NAO's), administered capital and departmental capital via departmental injections and loans.
 3. Refer to Budgeted Statement of Financial Performance for application of agency revenue.
 4. Revenue from other sources includes revenue from government (i.e. resources received free of charge) and revenue from other sources (eg of goods and services by agencies such as the Australian Bureau of Statistics (ABS) or the Australian Broadcasting Corporation (ABC).
 5. Estimated expenses from individual Special Appropriations.
- * Percentage figure indicates the percentage contribution of Revenue from Government (Departmental Appropriations) to the Total Price of Outputs, by outcome.

Part C: Agency Budget Statements - ASIS

MEASURES— AUSTRALIAN SECRET INTELLIGENCE SERVICE SUMMARY

Table 1.2: Summary of Measures disclosed in the 2002-03 Budget

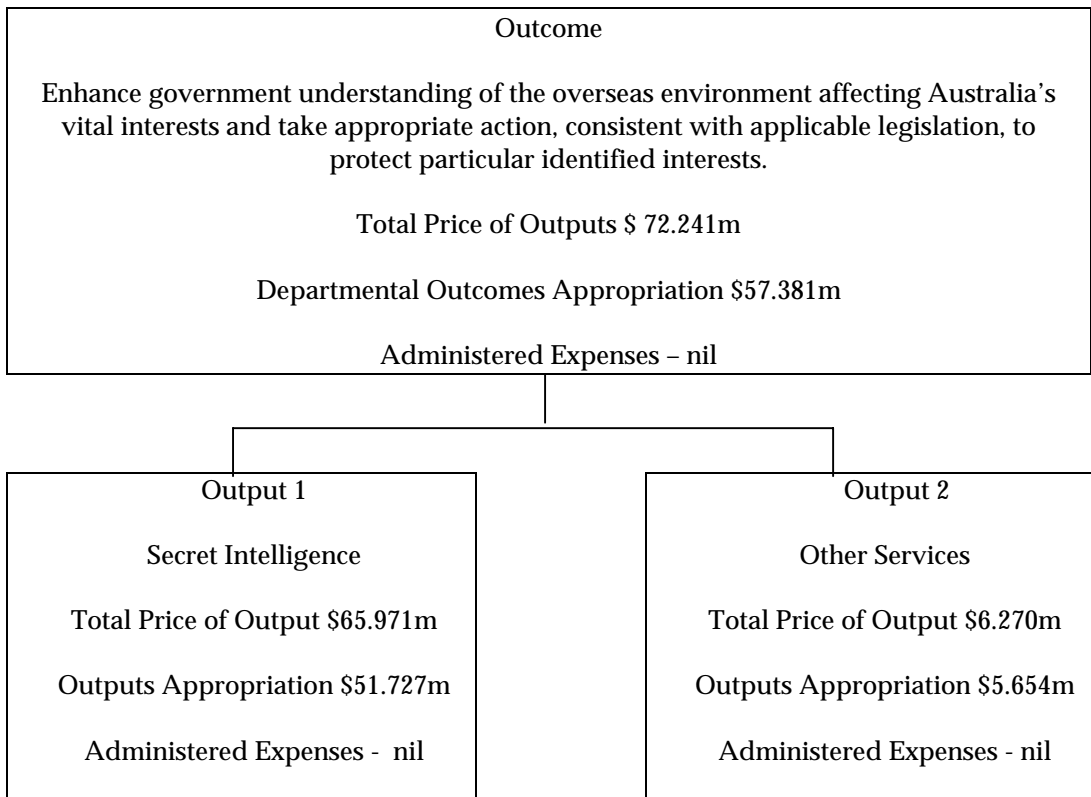
Measure	Outcome	Output affected	Appropriations budget			Appropriations forward estimate 2003-04			Appropriations forward estimate 2004-05			Appropriations forward estimate 2005-06		
			2002-03 (\$'000)			2003-04 (\$'000)			2004-05 (\$'000)			2005-06 (\$'000)		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Increased funding to intelligence agencies	1	2	0	1,700	1,700	0	5,800	5,800	0	6,600	6,600	0	6,700	6,700

Section 2: Outcomes and outputs information

OUTCOMES AND OUTPUTS

The map below shows the relationship between the ASIS outcome and the contributing outputs for ASIS.

Australian Secret Intelligence Service

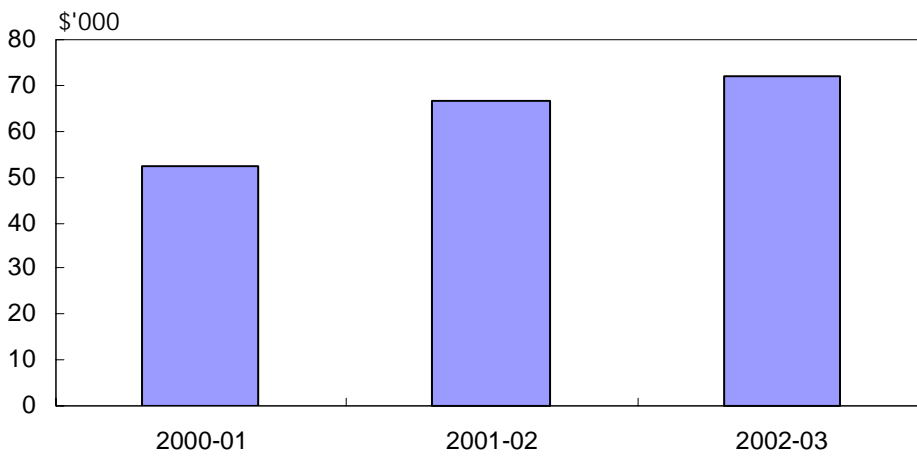


CHANGES TO OUTCOMES AND OUTPUTS

The outcome for the Australian Secret Intelligence Service was changed from the description disclosed in the 2001-2002 Budget Paper No. 4 to align with functions enacted in Section 6 of the *Intelligence Services Act 2001*.

TRENDS IN RESOURCING ACROSS OUTCOMES

Chart 1: Trends in appropriations



OUTCOME — DESCRIPTION

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.

MEASURES AFFECTING OUTCOME

INCREASED FUNDING TO INTELLIGENCE AGENCIES

The Government has provided additional funding to enhance the output capabilities of ASIS. Details of the measures have necessarily been limited by the need to observe the requirements of national security.

OUTCOME — RESOURCING

Table 2.1.1 shows how the 2002-03 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. Cell references **C1**, **E1** and **I1** show the links back to Table 1.1, the Appropriations Table.

Table 2.1.1: Total resources for Outcome (\$'000)

	Estimated actual 2001-02 \$'000	Budget estimate 2002-03 \$'000
Administered appropriations	0	0
Total administered expenses	0	0
Departmental appropriations		(I1)
Output 1 - Secret Intelligence	48,953	51,727
Subtotal Output 1	48,953	51,727
Departmental appropriations		
Output 2 - Other Services	5,351	5,654
Subtotal Output 2	5,351	5,654
Total revenue from government (appropriations)	54,304	57,381
Contributing to price of departmental outputs	81%	79%
Revenue from other sources		(C1)
Sales of goods and services	5,650	8,080
Resources received free of charge	6,200	6,250
Other Revenue	580	530
Total revenue from other sources	12,430	14,860
Total price from departmental outputs (Total revenue from government and from other sources)	66,734	72,241
Total estimated resourcing for Outcome (Total price of outputs and administered appropriations)	66,734	72,241
		(E1)

OUTCOME — CONTRIBUTION OF OUTPUTS

PERFORMANCE INFORMATION FOR OUTCOME

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 the 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

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 3: Budgeted Financial Statements

DEPARTMENTAL FINANCIAL STATEMENTS

Budgeted Departmental Statement of Financial Performance

This statement provides a picture of the expected financial results for the Service by identifying full accrual expenses, revenues and capital use charge, which highlights whether the Service is operating at a sustainable level.

Budgeted Departmental Statement of Financial Position

This statement shows the financial position of the Service. It helps decision-makers to track the management of assets and liabilities.

Budgeted Departmental Statement of Cash Flows

Budgeted cash flows, as reflected in the statement of cash flows, provide important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Part C: Agency Budget Statements - ASIS

Table 3.1: Budgeted Departmental Statement of Financial Performance for the period ended 30 June 2003

	Estimated actual 2001-02 \$'000	Budget estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000
Revenues from ordinary activities					
Revenues from government	54,304	57,381	61,984	63,096	64,317
Resources received free of charge	6,200	6,250	6,250	6,300	6,300
Sales of goods and services	5,650	8,080	10,900	12,610	12,760
Other	580	530	530	480	330
Total revenues from ordinary activities	66,734	72,241	79,664	82,486	83,707
Total expenses from ordinary activities	63,524	69,031	76,454	79,276	80,497
Net surplus or deficit	3,210	3,210	3,210	3,210	3,210
Capital use charge	3,210	3,210	3,210	3,210	3,210
Net surplus or deficit after capital use charge	0	0	0	0	0

Part C: Agency Budget Statements - ASIS

Table 3.2: Budgeted Departmental Statement of Financial Position as at 30 June 2003

	Estimated actual 2001-02 \$'000	Budget estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000
ASSETS					
Financial assets					
Total financial assets	19,614	23,214	24,544	24,131	23,357
Non-financial assets					
Total non-financial assets	28,696	30,696	32,496	33,496	34,496
Total assets	48,310	53,910	57,040	57,627	57,853
LIABILITIES					
Debt					
Total debt	0	0	0	0	0
Provisions and payables					
Total provisions and payables	19,252	24,852	27,982	28,569	28,795
Total liabilities	19,252	24,852	27,982	28,569	28,795
EQUITY					
Capital					
Reserves	4,426	4,426	4,426	4,426	4,426
Accumulated surpluses or deficits	24,632	24,632	24,632	24,632	24,632
Total equity	29,058	29,058	29,058	29,058	29,058
Current liabilities	13,467	17,067	19,061	19,179	19,224
Non-current liabilities	5,785	7,785	8,921	9,390	9,571
Current assets	19,614	23,214	24,544	24,131	23,357
Non-current assets	28,696	30,696	32,496	33,496	34,496

Part C: Agency Budget Statements - ASIS

Table 3.3: Budgeted Departmental Statement of Cash Flows *for the period ended 30 June 2003*

	Estimated actual 2001-02 \$'000	Budget estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations for outputs	54,304	57,381	61,984	63,096	64,317
Sales of goods and services	8,280	11,200	12,910	12,910	12,910
Othe income	1,932	2,144	2,236	2,288	2,340
Total cash received	64,516	70,725	77,130	78,294	79,567
Cash used					
Total cash used	58,052	60,115	67,990	70,797	72,431
Net cash from operating activities	6,464	10,610	9,140	7,497	7,136
INVESTING ACTIVITIES					
Cash received					
Total cash received	200	200	200	200	200
Cash used					
Total cash used	3,000	4,000	4,800	4,900	4,900
Net cash from investing activities	2,800	3,800	4,600	4,700	4,700
FINANCING ACTIVITIES					
Cash received					
Total cash received	0	0	0	0	0
Cash used					
Total cash used	3,460	3,210	3,210	3,210	3,210
Net cash from financing activities	3,460	3,210	3,210	3,210	3,210
Net increase (decrease) in cash held					
Cash at the beginning of the reporting period	18,960	19,164	22,764	24,094	23,681
Cash at the end of the reporting period	19,164	22,764	24,094	23,681	22,907

NOTES TO THE FINANCIAL STATEMENTS

Under the Commonwealth'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 Budgeting Framework

Under the Commonwealth's accrual budgeting framework, appropriations are provided for:

- Departmental price of outputs appropriations: representing the Government's purchase of outputs from ASIS.

Capital Use Charge

A capital use charge is levied on agencies to reflect the cost of Commonwealth's investment in the agency. It is levied on closing net assets (equity) at a rate of 11 percent.

Funding for the capital use charge is included in the agency's price of outputs appropriations. The capital use charge is accounted for as a 'below operating result line' dividend payment.

Asset valuation

From 1 July 2002 Commonwealth agencies and authorities are required to use either the cost basis or the fair value basis to measure Property, Plant and Equipment. The shift from the deprival method of valuation to fair value will occur gradually over a three-year period. Fair value essentially reflects the current market value of an asset.