

**AUSTRALIAN SECRET
INTELLIGENCE SERVICE
(ASIS)**

AUSTRALIAN SECRET INTELLIGENCE SERVICE

Section 1: Overview, appropriations and budget measures summary

AGENCY 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 AND RESOURCING

The total appropriation for ASIS in the 2003-04 Budget is \$79.459 million.

Table 1.1, on the following page, shows the total appropriations for ASIS for 2003-04 by outcome, by price of output appropriation and revenue from other sources.

Table 2.1 show the total resources for ASIS for 2003-04 by outcomes.

Part C: Agency Budget Statements - ASIS

Australian Secret Intelligence Service — appropriations 2003-04

Table 1.1: Appropriations and other revenue ('000)

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)	(D)	(E = C+D)	(F)	(G)	(H)	(I = F+G+H)	(J=C+I)	
Outcome 1 -	75,287	0	75,287	23,618	98,905	0	0	0	0	98,905	
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.			(C1) ⁽¹⁾		(E1) ⁽¹⁾				(I1) ⁽¹⁾		
	75,287	0	75,287	23,618	98,905	0	0	0	0	98,905	
			76%								
Total			(K1) ⁽¹⁾						(K2) ⁽¹⁾	98,905	
									Departmental capital (equity injections and loans)	(K3) ⁽¹⁾	4,172
									Administered capital	(K4) ⁽¹⁾	0
									Total appropriations		103,077

Section 1: Overview, appropriations and budget measures summary

1. Cells C1, E1 and I1 refer to information provided in Total Resources for Outcome tables. Amounts K1, K2 to Budgeted Statement of Financial Performance, and amounts K3, K4 to Capital Budget Statements.
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 other revenue from government (for example, resources free of charge) and revenue from other sources (for example, sales 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.

Note: 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 — AGENCY SUMMARY

Table 1.2: Summary of measures disclosed in the 2003-04 Budget

Measure	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate 2004-05 (\$'000)			Appropriations forward estimate 2005-06 (\$'000)			Appropriations forward estimate 2006-07 (\$'000)		
			2003-04 (\$'000)		Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
			Admin expenses	Dept outputs										
A Safer Australia—measures to further enhance the response to terrorism	1	2	0	8,400	8,400	0	4,600	4,600	0	4,700	4,700	0	4,800	4,800
Australian Secret Intelligence Service - enhanced output capabilities	1	2	0	2,400	2,400	0	2,000	2,000	0	2,000	2,000	0	2,100	2,100
Total			0	10,800	10,800	0	6,600	6,600	0	6,700	6,700	0	6,900	6,900

RECEIPTS FROM INDEPENDENT SOURCES

Table 1.3: Receipts from independent sources

	Estimated revenue 2002-03 \$'000	Estimated revenue 2003-04 \$'000
Interest	164	0
Sale of Goods and Services	8,085	10,968
Resources Received free of charge	6,250	6,250
Other Revenue	400	6,400
Total estimated revenue	14,899	23,618

DEPARTMENTAL EQUITY INJECTIONS AND LOANS

The Australian Secret Intelligence Service will receive an equity injection of \$4.172 million in 2003-04 as indicated in Table 1.1.1. Details of the equity injection have necessarily been limited by the need to observe the requirements of national security.

Section 2: Outcomes and outputs information

OUTCOMES AND OUTPUTS

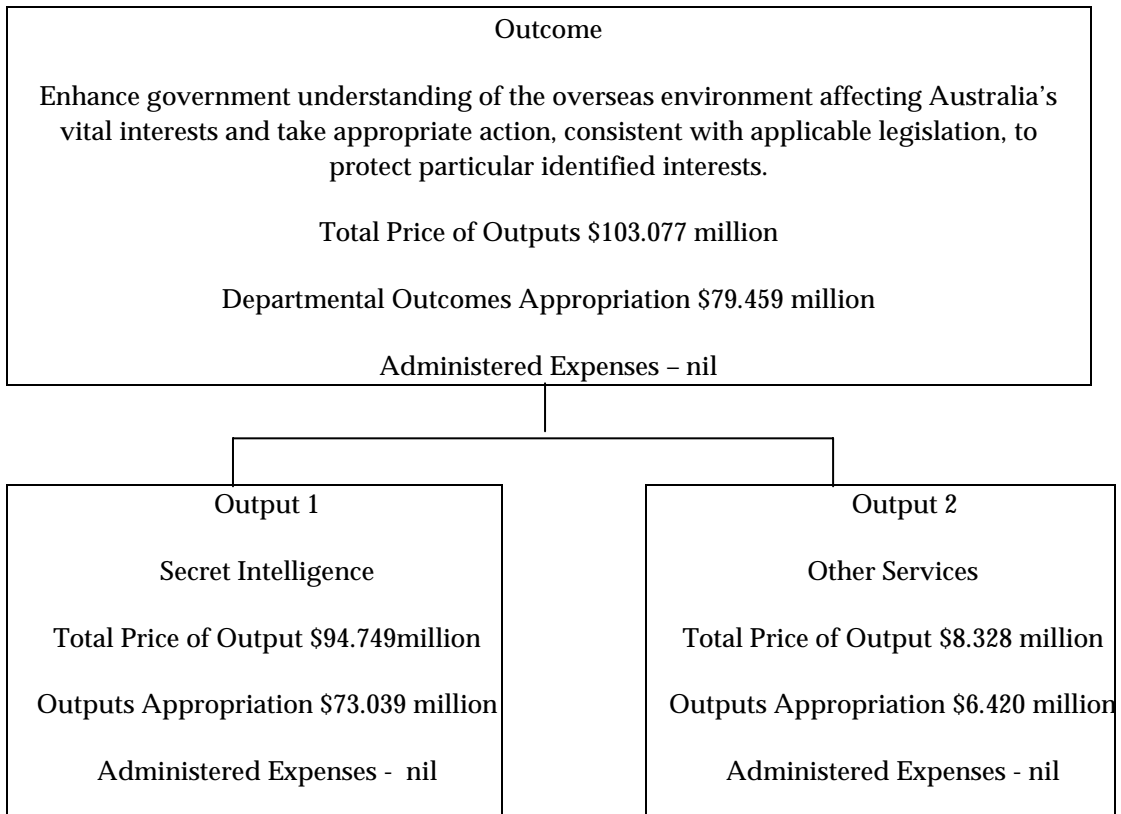
The Australian Secret Intelligence Service works to achieve one outcome specified by Government. The following section provides an overview of the Australian Secret Intelligence Service.

Output cost attribution

The Service allocates overheads and other expenses between outputs as part of determining their full price. Direct costs are allocated to specified output activities whilst indirect costs are allocated based on a regular internal reporting of effort against specified output activities.

Map 3: Outcome 1 — contributing outputs

Australian Secret Intelligence Service

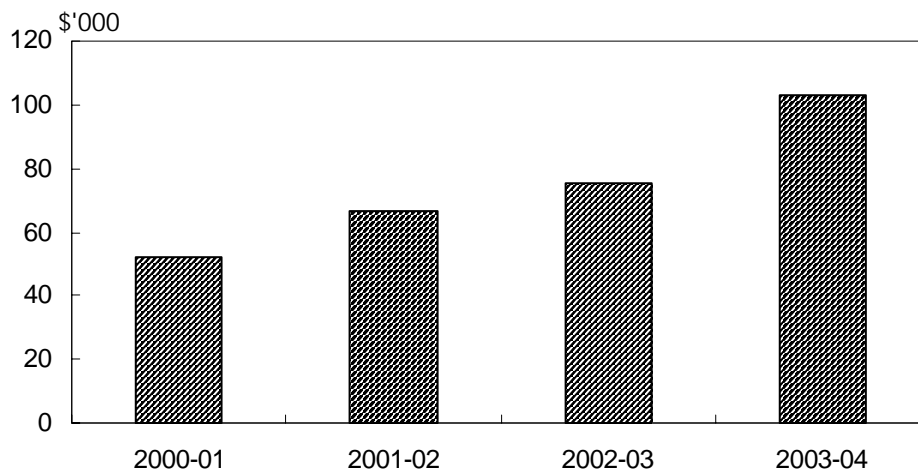


CHANGES TO OUTCOMES AND OUTPUTS

There are no changes to outcomes and outputs from the previous year.

TRENDS IN RESOURCING ACROSS OUTCOMES

Chart 3: Trends in appropriations for all outcomes ('000)



OUTCOME 1 — 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 1

A Safer Australia – measures to further enhance the response to terrorism

The Government will provide additional funding of \$22.5 million (including \$3.5 million capital in 2003-04) over four years to the Australian Secret Intelligence Service to sustain and further enhance Australia's counter-terrorism capabilities.

Total Resourcing*: Outcome 1 will receive \$5.6 million 2003-04, \$5.4 million in 2004-05, \$5.5 million in 2005-06, and \$5.6 million in 2006-07 under Appropriation Bill No.1 and \$3.5 million in 2003-04 under Appropriation Bill No. 2.

Australian Secret Intelligence Service—enhanced output capabilities

The Government will provide additional funding of \$8.5 million (including \$0.5 million capital in 2003-04) over four years to the Australian Secret Intelligence Service to support a whole-of-government approach to addressing national security issues.

Total Resourcing*: Outcome 1 will receive \$2.0 million in 2003-04, \$2.1 million in 2004-05, \$2.2 million in 2005-06, and \$2.2 million in 2006-07 under Appropriation Bill No. 1 and \$0.5 million in 2003-04 under Appropriation Bill No. 2.

* Note: Total Resourcing in some cases is higher than figures contained in Budget Paper 2 Budget Measures 2003-04, arising from the funding of depreciation and other items that do not have an impact on the fiscal and underlying cash balances.

OUTCOME 1 — RESOURCING

Table 2.1.1 shows how the 2003-04 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. Cell references **C1** and **E1** show the links back to Table 1.1 (the Appropriations and Other Revenue Table for the Australian Secret Intelligence Service).

Table 2.1.1: Total resources for Outcome 1 (\$'000)

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000
Administered appropriations	0	0
Total administered appropriations	0	0
Departmental appropriations		
Output Group 1- Secret Intelligence	54,595	73,039
Subtotal Output Group 1	54,595	73,039
Departmental appropriations		
Output Group 2 - Other Services	5,722	6,420
Subtotal Output Group 2	5,722	6,420
Total revenue from government (appropriations)		(C1)
Contributing to price of departmental outputs	60,317	79,459
Revenue from other sources		
Interest	164	0
Sales of goods and services	8,085	10,968
Resource Received free of charge	6,250	6,250
Other Revenue	400	6,400
Total revenue from other sources	14,899	23,618
Total price from departmental outputs (Total revenue from government and from other sources)	75,216	103,077
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	75,216	(E1) 103,077

OUTCOME 1 — CONTRIBUTION OF OUTPUTS

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 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 programs. 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.

Section 3: Budgeted financial statements

**Table 3.1: Budgeted Departmental Statement of Financial Performance
for the period ended 30 June 2004**

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
REVENUE					
Revenues from ordinary activities					
Revenues from government	59,365	75,287	75,888	77,515	79,240
Resources Received Free of Charge	6,250	6,250	6,300	6,300	6,300
Goods and services	8,085	10,968	13,013	13,312	13,619
Interest	164	0	0	0	0
Other	400	6,400	400	400	400
Revenues from ordinary activities	74,264	98,905	95,601	97,527	99,559
EXPENSE					
Expenses from ordinary activities					
	73,691	92,905	95,601	97,527	99,559
Net surplus or deficit	573	6,000	0	0	0
Capital Use Charge Paid *	3,300				
Net surplus or deficit after CUC	-2,727	6,000	0	0	0

*The Capital Use Charge has been abolished from 1 July 2003.

Part C: Agency Budget Statements - ASIS

**Table 3.2: Budgeted Departmental Statement of Financial Position
as at 30 June 2004**

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
ASSETS					
Financial assets					
Total financial assets	10,107	9,307	7,950	9,350	8,306
Non-financial assets					
Total non-financial assets	42,329	53,679	55,173	56,565	57,957
Total assets	52,436	62,986	63,123	65,915	66,263
LIABILITIES					
Interest bearing liabilities					
Total Interest bearing liabilities	0	0	0	0	0
Provisions and Payables					
Total Provisions and Payables	10,561	10,939	10,973	13,765	14,113
Total liabilities	10,561	10,939	10,973	13,765	14,113
EQUITY					
Contributed equity	952	5,124	5,226	5,226	5,226
Reserves	14,219	14,219	14,219	14,219	14,219
Retained surpluses or accumulated deficits	26,704	32,704	32,705	32,705	32,705
Total equity	41,875	52,047	52,150	52,150	52,150
Total assets and liabilities by maturity					
Current assets	10,107	9,307	7,950	9,350	8,306
Non-current assets	42,329	53,679	55,173	56,565	57,957
Current liabilities	3,552	3,788	3,795	4,353	4,423
Non-current liabilities	7,009	7,151	7,178	9,412	9,690

Section 3: Budgeted financial statements

**Table 3.3: Budgeted Departmental Statement of Cash Flows
for the period ended 30 June 2004**

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
OPERATING ACTIVITIES					
Cash received					
Sale of goods and services	8,080	10,968	13,013	13,312	13,619
Interest	164	0	0	0	0
Cash from Official Public Account - Appropriations	60,317	79,459	75,990	77,515	79,240
Other	800	800	800	800	800
Total cash received	69,361	91,227	89,803	91,627	93,659
Cash used					
Total cash used	62,674	80,405	84,759	84,425	88,902
Net cash from/(used by) operating activities	6,687	10,822	5,044	7,202	4,757
INVESTING ACTIVITIES					
Cash received					
Total cash received	200	200	200	200	200
Cash used					
Total cash used	9,680	11,822	6,601	6,001	6,001
Net cash from/(used by) investing activities	(9,480)	(11,622)	(6,401)	(5,801)	(5,801)
FINANCING ACTIVITIES					
Cash received					
Total cash received	0	0	0	0	0
Cash used					
Total cash used	3,300	0	0	0	0
Net cash from/(used by) financing activities	(3,300)	0	0	0	0
Net increase (decrease) in cash held					
	(6,093)	(800)	(1,357)	1,401	(1,044)
Cash at beginning of reporting period	15,750	9,657	8,857	7,500	8,901
Cash at end of reporting period	9,657	8,857	7,500	8,901	7,857

Part C: Agency Budget Statements - ASIS

Table 3.4: Departmental Capital Budget Statement

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	952	4,172	102	0	0
Total loans	0	0	0	0	0
Represented by					
Purchase of non-current assets	952	4,172	102	0	0
Other	0	0	0	0	0
Total	952	4,172	102	0	0

NOTES TO THE FINANCIAL STATEMENTS

Departmental 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, separate annual appropriations are provided for:

- Departmental price of outputs appropriations: representing the Government's purchase of outputs from ASIS, and
- Departmental capital appropriations: for investments by the Government for additional equity in ASIS.

Capital Use Charge

The Government has agreed to discontinue the Capital Use Charge from 1 July 2003.

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 should occur gradually over a three-year period. Fair value essentially reflects the current market value of an asset.

