

**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 2004-05 Budget is \$88.5 million.

Table 1.1, on the following page, shows the total appropriations for ASIS for 2004-05 by outcome, by price of output appropriation and revenue from other sources.

Table 2.1.1 shows the total resources for ASIS for 2004-05 by outcome.

Part C: Agency Budget Statements — ASIS

Australian Secret Intelligence Service — appropriations 2004-05

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	Total appropriations	
	Bill No. 1	Special approps ⁽⁶⁾	Total			Bill No. 1	Bill No. 2 (SPPs & NA Os) ⁽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.	84,115	0	84,115	20,077	104,192	0	0	0	0	84,115
	84,115	0	84,115	20,077	104,192	0	0	0	0	84,115
			81%							
Total			(K1) ⁽¹⁾						(K2) ⁽¹⁾	84,115
										Departmental capital (equity injections and loans) (K3) ⁽¹⁾ 4,398
										Administered assets and liabilities (K4) ⁽¹⁾ 0
										Total appropriations 88,513

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.

Section 1: Overview, appropriations and budget measures summary

2. 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.
 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)). Non-appropriated departmental and administered revenues are details in Appendix 1.
 5. Estimated expenses from individual Special Appropriations are shown in Appendix 2.
- Note: Percentage figures indicate the percentage contribution of Revenue from Government (Departmental Appropriations) to the Total Price of Outputs, by outcome.

MEASURES — SUMMARY

Table 1.2: Summary of measures disclosed in the 2004-05 Budget

Measure	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate 2005-06 (\$'000)			Appropriations forward estimate 2006-07 (\$'000)			Appropriations forward estimate 2007-08 (\$'000)		
			2004-05 (\$'000)			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
			Admin expenses	Dept outputs	Total									
Investing in Australia's Security - increased funding to intelligence agencies	1	2	0	7,833	7,833	0	12,866	12,866	0	12,000	12,000	0	12,895	12,895
Total			0	7,833	7,833	0	12,866	12,866	0	12,000	12,000	0	12,895	12,895

RECEIPTS FROM INDEPENDENT SOURCES

Table 1.3: Receipts from independent sources

	Estimated revenue 2003-04 \$'000	Estimated revenue 2004-05 \$'000
Interest	0	0
Sale of goods and services	10,968	13,377
Resources received free of charge	6,250	6,300
Other revenue	400	400
Total estimated revenue	17,618	20,077

SPECIAL ACCOUNTS

Table 1.6: Estimates of special account flows and balances

	Estimate - 2004-05, Heavy Figures				
	<i>Estimated Actual - 2003-04. Light figures</i>				
	Opening Balance	Receipts	Payments	Adjustments	Closing Balance
	2004-05 ⁽¹⁾	2004-05	2004-05	2004-05	2004-05
	<i>2003-04 ^(1a)</i>	<i>2003-04</i>	<i>2003-04</i>	<i>2003-04</i>	<i>2003-04</i>
	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys Special Account (D) s20 FMA Act	0	0	0	0	0
	0	0	0	0	0
Services for Other Governments & Non-Agency Bodies Account (D) s20 FMA ACT	0	0	0	0	0
	0	0	0	0	0
Total Special Accounts	0	0	0	0	0
	0	0	0	0	0

D = Departmental

Note 1 The Opening Balance for 2004-05 is the same as the closing balance for 2003-04

The purpose of the *Other Trust Monies 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 Governments & 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*

DEPARTMENTAL EQUITY INJECTIONS AND LOANS

The Australian Secret Intelligence Service will receive an equity injection of \$4.4 million in 2004-05 as indicated in Table 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

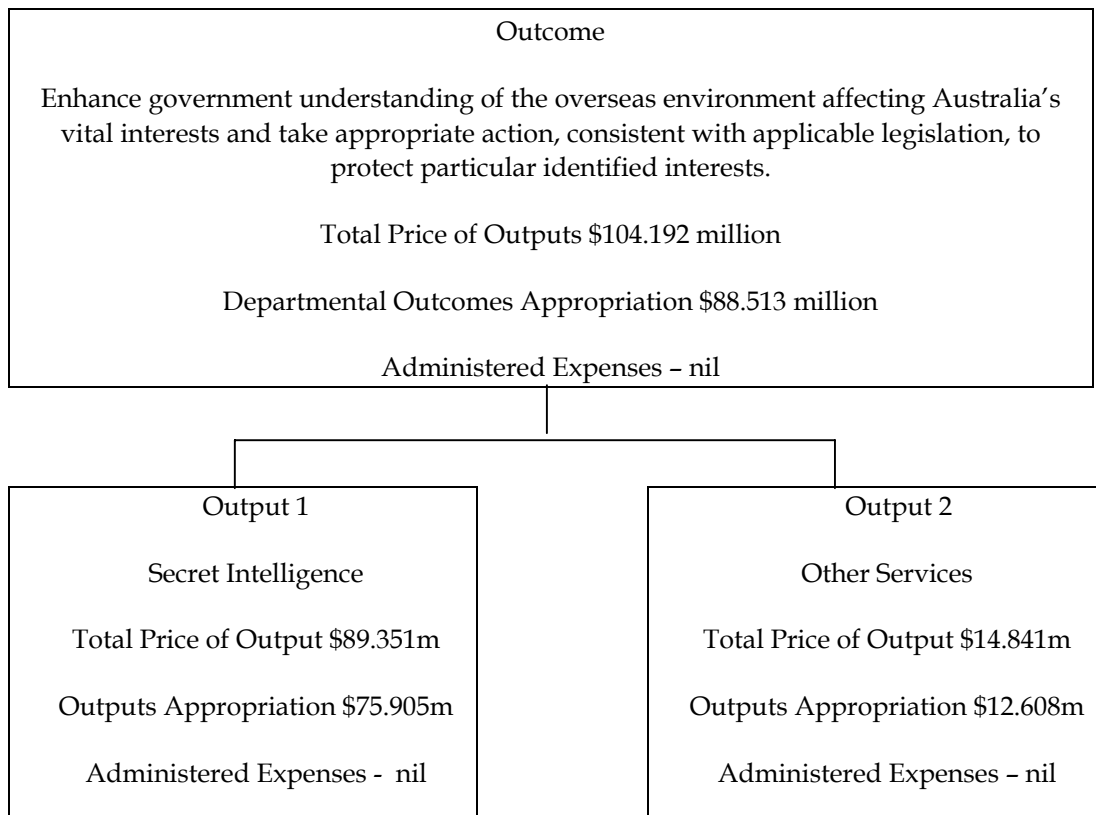
The Australian Secret Intelligence Service works to achieve one outcome specified by Government. The following section provides an overview of the Australian Secret Intelligence Service.

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 2: Outcome 1 — contributing outputs

Australian Secret Intelligence Service

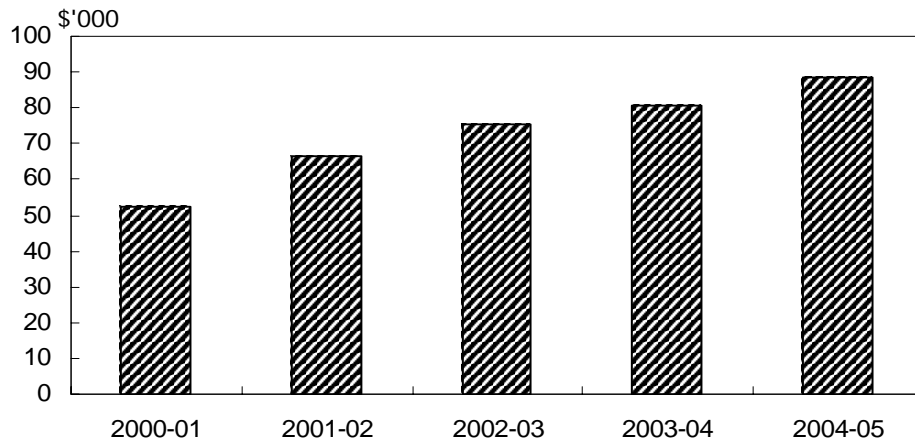


CHANGES TO OUTCOMES AND OUTPUTS

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

Investing in Australia's Security - increased funding to intelligence agencies

The Government will provide additional funding of \$227.8 million (including \$31.5 million capital funding) over four years to intelligence agencies to enhance Australia's counter-terrorism capabilities and strengthen our ability to protect against possible threats to Australia's national security. This funding provides resources for these agencies to improve their capacity to provide analysis and assessment of high priority areas and to meet increased operational demands.

This is a cross portfolio measure, with funding to be provided to the Australian Secret Intelligence Service, Australian Security Intelligence Organisation, Department of Defence and the Office of National Assessments.

Total Resourcing*: Outcome 1 will receive \$50.3 million over four years. The yearly funding will be \$4.8 million in 2004-05, \$11.4 million in 2005-06, \$12.9 million in 2006-07 and \$14.1 million under Appropriation Bill No. 1 and \$3.9 million in 2004-05, \$1.6 million in 2005-06, \$0.4 million in 2006-7 and \$0.2 million in 2007-08 under Appropriation Bill No. 2.

* Note: Total Resourcing in some cases is higher than figures contained in Budget Paper 2 Budget Measures 2004-05, 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 2004-05 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**, **E1** and **I1** show the links back to Table 1.1 (the Appropriations and Other Revenue Table for the Agency).

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

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000
Administered appropriations	0	0
Total administered appropriations	0	0
		(I1)
from Special Accounts (estimated payments from Special Account balances)⁽²⁾		
Other Trust Moneys Special Account s20 FMA Act	0	0
Services for Other Governments & Non-Agency Bodies - s20 FMA Act	0	0
Total Special Account Outflows		
Departmental appropriations		
Output Group 1 - Secret Intelligence	73,568	72,134
Subtotal Output Group 1	73,568	72,134
Departmental appropriations		
Output Group 2 - Other Services	6,904	11,981
Subtotal Output Group 2	6,904	11,981
Total revenue from government (appropriations)	80,472	84,115
Contributing to price of departmental outputs	82%	81%
Revenue from other sources		(C1)
Sale of Goods and Services	10,968	13,377
Resources Received Free of Charge	6,250	6,300
Other Revenue	400	400
Total revenue from other sources	17,618	20,077
Total price from departmental outputs (Total revenue from government and from other sources)	98,090	104,192
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	98,090	104,192
		(E1)

Note 1. Flows into Special Accounts are also shown in the receipts column of the Special Accounts table in Table 1.6.

Note 2. Special Account outflows are shown in the payments column of the Special Account table in Table 1.6. The estimated payments from special account balances are provided by way of note only and do not form part of the total estimated resourcing.

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 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

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

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

DEPARTMENTAL FINANCIAL STATEMENTS

The Budgeted Financial Statements for the Australian Secret Intelligence Service (ASIS) presented in this section, will form the basis of the financial statements that will appear in the Service's 2004-05 Annual Report and the basis for the input into the Whole-of-Government accounts.

Budgeted Departmental Statement of Financial Performance (Table 3.1)

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 (Table 3.2)

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 (Table 3.3)

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.

Departmental Capital Budget Statement (Table 3.4)

This statement shows all planned departmental capital expenditure (capital expenditure on non-financial assets). It identifies capital appropriations for additional equity.

Part C: Agency Budget Statements - ASIS

Table 3.1: Budgeted Departmental Statement of Financial Performance *for the period ended 30 June 2005*

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
REVENUE					
Revenues from ordinary activities					
Revenues from government	76,197	84,115	94,409	96,339	97,438
Goods and services	10,968	13,377	13,644	13,917	14,195
Resources received free of charge	6,250	6,300	6,300	6,300	6,300
Other	400	400	400	400	400
Revenues from ordinary activities	93,815	104,192	114,753	116,956	118,333
EXPENSE					
Expenses from ordinary activities					
	96,515	104,192	114,753	116,956	118,333
Net surplus or (deficit)	(2,700)	0	0	0	0

Table 3.2: Budgeted Departmental Statement of Financial Position *as at 30 June 2005*

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
ASSETS					
Financial assets					
Total financial assets	13,372	14,680	14,558	14,600	14,600
Non-financial assets					
Total Non-financial assets	53,930	58,328	60,434	60,822	61,010
Total assets	67,302	73,008	74,992	75,422	75,610
LIABILITIES					
Interest bearing liabilities					
Total interest bearing liabilities	0	0	0	0	0
Provisions and payables					
Total provisions and payables	15,624	14,232	14,109	14,151	14,151
Total liabilities	15,624	14,232	14,109	14,151	14,151
EQUITY*					
Contributed equity	5,227	9,625	11,731	12,119	12,307
Reserves	17,420	17,420	17,420	17,420	17,420
Retained surpluses	29,031	31,731	31,732	31,732	31,732
Total equity	51,678	58,776	60,883	61,271	61,459
Total assets and liabilities by maturity:					
Current assets	13,372	14,680	14,558	14,600	14,600
Non-current assets	53,930	58,328	60,434	60,822	61,010
Current liabilities	6,725	5,432	5,407	5,416	5,416
Non-current liabilities	8,899	8,800	8,702	8,735	8,735

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

Table 3.3: Budgeted Departmental Statement of Cash Flows for the period ended 30 June 2005

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	80,472	84,115	94,409	96,339	97,438
Goods and services	10,968	13,377	13,644	13,917	14,195
Other	1,400	1,400	1,400	1,400	1,400
Total cash received	92,840	98,892	109,453	111,656	113,033
Cash used					
Total cash used	87,520	92,634	102,775	105,742	107,161
Net cash from or (used by)					
Operating activities	5,320	6,258	6,678	5,914	5,872
INVESTING ACTIVITIES					
Cash received					
Total cash received	200	200	200	200	200
Cash used					
Total cash used	11,925	9,548	9,106	6,460	6,260
Net cash from or (used by) investing activities	(11,725)	(9,348)	(8,906)	(6,260)	(6,060)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	4,275	4,398	2,106	388	188
Total cash received	4,275	4,398	2,106	388	188
Cash used					
Total cash used	0	0	0	0	0
Net cash from / (used by) financing activities	4,275	4,398	2,106	388	188
Net increase or (decrease) in cash held	(2,130)	1,308	(122)	42	0
Cash at the beginning of the reporting period	5,502	3,372	4,680	4,558	4,600
Effect of exchange rate movements on cash at the beginning of reporting period	0	0	0	0	0
Cash at the end of the reporting period	3,372	4,680	4,558	4,600	4600

Table 3.4: Departmental Capital Budget Statement

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	4,275	4,398	2,106	388	188
Total loans	0	0	0	0	0
Total capital appropriations	4,275	4,398	2,106	388	188
Represented by:					
Purchase of non-financial assets	4,275	4,398	2,106	388	188
Other	0	0	0	0	0
Total represented by	4,275	4,398	2,106	388	188

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 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.

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.