

AUSTRALIAN SECURITY
INTELLIGENCE
ORGANISATION

Section 1: Overview, appropriations and budget measures summary

OVERVIEW

Under the provisions of the *Australian Security Intelligence Organisation Act 1979*, the Australian Security Intelligence Organisation (ASIO) provides information on risks to the nation's security to help Government comprehend and manage the security environment.

Security as defined in the ASIO Act is the protection of Australia and Australians from politically motivated violence (terrorism), communal violence, espionage, foreign interference, sabotage and attacks on Australia's defence system.

ASIO provides security intelligence to Government. It has special powers involving intrusive means to collect information relevant to security under the provisions of the ASIO Act and the Telecommunications (Interception) Act. ASIO has no powers to enforce measures for security. ASIO contributes to Australia's national counter-terrorism response capability by liaising with and providing technical assistance to other Federal and State Government bodies such as the police. It also contributes to foreign intelligence collection in Australia at the request of the Ministers for Foreign Affairs or Defence.

ASIO's outcome "A secure Australia for people and property, for government business and national infrastructure, and for special events of a national and international significance" supports the Government's policy aim of a secure Australia in a secure region.

The information provided in the ASIO Budget Statement has necessarily been limited by the need to observe the requirements of national security. This is consistent with current practice observed by ASIO in presenting its Annual Report, where all sensitive information is excluded in accordance with section 94 of the ASIO Act.

This Budget Statement contains broad appropriations and performance information. Additional national security classified information is provided to the Attorney-General, the National Security Committee of Cabinet and the Secretaries' Committee on National Security. This enables scrutiny of the detail of ASIO's appropriations and performance information related to outcomes and outputs.

APPROPRIATIONS

The total appropriation for ASIO in the 2002–03 Budget, as shown on Table 1.1, is \$85.779m. Table 1.2 details summary of measures disclosed in the 2002–03 Budget.

Australian Security Intelligence Organisation — Appropriations 2002–03

Table 1.1: Appropriations and other revenue (\$'000)

	Departmental (price of outputs)					Administered			Total appropriations	
	Revenue from government (appropriations)			Revenue from other sources	Price of outputs	Annual appropriations	Special approps	Total administered appropriations		
	Bill 1	Special approps	Total			Bill 1	Bill 2 (SPPs & NAOs)			
Outcome	(A)	(B)	(C=A+B)	(D)	(E= C+D)	(F)	(G)	(H)	(I=F+G+H)	(J=C+I)
A secure Australia for people and property, for government business and national infrastructure, and for special events of a national and international significance	81,087	-	81,087 97.9%	1,701	82,788	-	-	-	-	81,087
Total	81,087	-	81,087	1,701	82,788	-	-	-	-	81,087
Non-operating: equity injections, loans and previous years' outputs									4,692	
Administered assets and liabilities									-	
Total appropriations									85,779	

Notes:

- Columns C, D, E and I refer to information provided in Table 2.1.1.
- Under the appropriation structure, Bill 2 includes appropriations for Specific Purpose Payments (SPPs), New Agency Outcomes (NAOs), administered assets and liabilities and equity injections, loans and previous years' outputs.
- Refer to Budgeted Departmental Statement of Financial Performance for application of agency revenue.
- Revenue from other sources includes other revenue from government (eg resources free of charge) and revenue from other sources (eg sales of goods and services). Non-appropriated departmental and administered revenues are detailed in Appendix 1.
- 97.9% in column C indicates the percentage contribution of revenue from government (departmental appropriations) to the total price of outputs, by outcome.

BUDGET MEASURES — AUSTRALIAN SECURITY INTELLIGENCE ORGANISATION SUMMARY

Table 1.2: Summary of measures disclosed in the 2002–03 Budget

Measure	Outcome	Outputs affected	Appropriations Budget 2002–03 (\$'000)			Appropriations Forward Estimate 2003–04 (\$'000)			Appropriations Forward Estimate 2004–05 (\$'000)			Appropriations Forward Estimate 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	1.1	-	6,000	6,000	-	9,198	9,198	-	14,608	14,608	-	14,915	14,915
E-security national agenda	1	1.1	-	1,351	1,351	-	1,414	1,414	-	1,450	1,450	-	1,474	1,474
Enhanced technical capacity	1	1.1	-	9,629	9,629	-	7,130	7,130	-	6,950	6,950	-	5,300	5,300
Total			-	16,980	16,980	-	17,742	17,742	-	23,008	23,008	-	21,689	21,689

Capital Measures

- \$1.750m per annum in 2002–03 and 2003–04 associated with increased funding to intelligence agencies
- \$0.880m in 2002–03, \$0.700m in 2003–04, \$0.550m in 2004–05 associated with enhanced technical capacity

ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

ASIO has no administered capital.

ASIO will receive departmental equity injections of \$4.692m during 2002–03. The four components of the equity injection are:

- \$1.962m for investment in capabilities. The \$1.962m represents the second in a series of three equity injections, totalling \$7.115m;
- \$0.100m to finalise purchases of equipment associated with implementing recommendations arising from the Inquiry into Security Issues;
- \$1.750m associated with enhancing the intelligence collection and capability aspects of Australian counter-terrorism arrangements; and
- \$0.880m to meet ongoing changes in technology.

Section 2: Outcomes and outputs information

OUTCOMES AND OUTPUT GROUPS

ASIO has one outcome:

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

There is one output group for ASIO's outcome:

Security intelligence

ASIO's output group: Security Intelligence comprises four outputs, each providing a key contribution to the outcome:

- Security Intelligence Analysis and Advice: includes security intelligence analysis and reporting, threat assessments, visa security checking advice, and deterrence action
- Protective Security Advice: includes personnel security assessments, setting security equipment standards, and electronic and audio-counter-measures advice and action, protective security reporting, and risk management advice.
- Security Intelligence Investigation and Capability: includes capabilities used to provide security intelligence to Government, including the use of special powers to collect information and ASIO's contribution to Australia's national counter-terrorism response capability.
- Foreign Intelligence: intelligence collected in Australia under warrant for the Foreign or Defence Ministers.

Financial detail and non-financial information is provided as follows:

Map 2.1 - details outcome and output resourcing and illustrates the relationship between the outcome and contributing output.

Table 2.1.1 - details financial information for outcome 1.

Table 2.2.1 - details non-financial information for outcome 1.

CHANGES TO OUTCOMES AND OUTPUTS

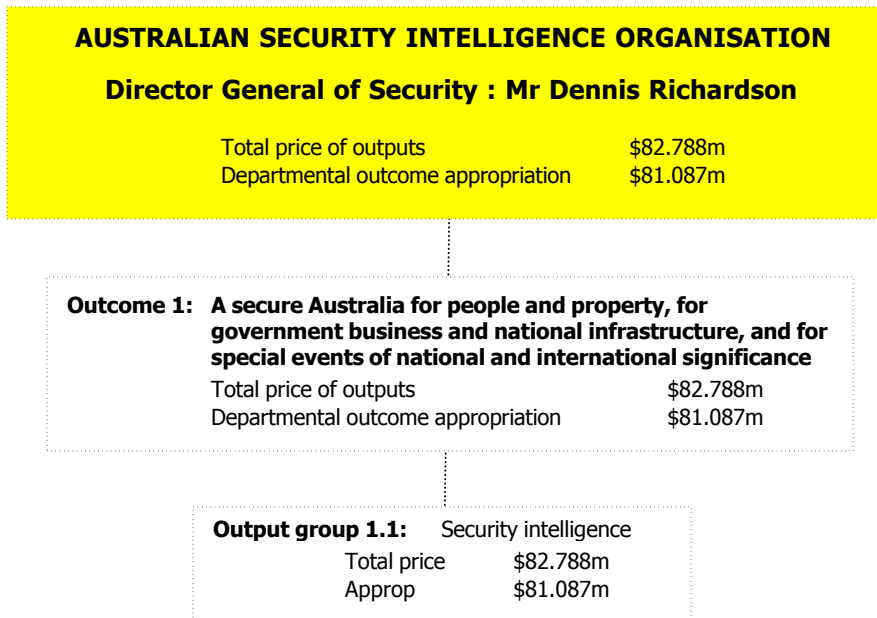
There have been no changes to the outcome and outputs structure for ASIO.

TRENDS IN RESOURCING ACROSS YEARS

The price of ASIO’s outcome increases in 2002–03 due to the impact of the three new measures. The increase in outcome price is partially offset by the conclusion of funding, provided in 2001–02, to assist ASIO in meeting Commonwealth Heads of Government Meeting (CHOGM) related security activity.

Previously agreed increases in funding allowing ASIO to invest in its technical capabilities also contribute to the increasing outcome price in the outyears.

Map 2.1: Outcome and output groups



OUTCOME 1 — A SECURE AUSTRALIA FOR PEOPLE AND PROPERTY, FOR GOVERNMENT BUSINESS AND NATIONAL INFRASTRUCTURE, AND FOR SPECIAL EVENTS OF NATIONAL AND INTERNATIONAL SIGNIFICANCE

ASIO's outcome "A secure Australia for people and property, for government business and national infrastructure, and for special events of a national and international significance" supports the Government's policy aim of a secure Australia in a secure region.

ASIO provides security intelligence to Government. It has special powers involving intrusive means to collect information relevant to security under the provisions of the ASIO Act and the Telecommunications (Interception) Act. ASIO has no powers to enforce measures for security. ASIO contributes to Australia's national counter-terrorism response capability by liaising with and providing technical assistance to other Federal and State Government bodies such as the police. It also contributes to foreign intelligence collection in Australia at the request of the Ministers for Foreign Affairs or Defence.

MEASURES AFFECTING OUTCOME 1

Increased funding to intelligence agencies

The Government will provide additional funding of \$48.3m over four years to enhance counter-terrorism capabilities. The additional funding comprises \$44.7m over four years for expenses and \$3.6m over two years for capital.

This is a cross-portfolio measure involving ASIO, the Australian Secret Intelligence Service, the Office of National Assessments and the Department of Defence.

This measure will enable ASIO to meet the significantly increased demands placed on counter-terrorism as a result of the heightened terrorist threat following the 11 September 2001 terrorist attacks in the United States.

E-security national agenda

The Government will provide additional funding of \$5.8m over four years to ASIO as part of a cross-portfolio measure to improve security awareness and management of the national information infrastructure. The e-security national agenda is designed to protect Australia's critical information technology infrastructure from attack.

The total funding for this cross-portfolio measure is \$24.9m over four years (expense and capital) involving ASIO, the Australian Federal Police, the Attorney-General's Department, the Defence Signals Directorate and the National Office for the Information Economy. The National Office for the Information Economy will contribute \$1.0m over four years but absorb the cost within existing resources.

This measure will enable ASIO to maintain its ability to support broader Government initiatives regarding security of national computer and information infrastructure.

Enhanced technical capacity

The Government will provide additional funding of \$31.1m over four years to ASIO to fund the further development of technical investigative capacity to strengthen intelligence and detection in relation to terrorist threats. The additional funding comprises \$29.0m over four years for expenses and \$2.1m over three years for capital.

The additional funding for ASIO is a component of a cross-agency measure totalling \$49.0m over 4 years involving ASIO, the AFP, and the National Crime Authority.

OUTCOME 1 — RESOURCING

Table 2.1.1 shows how the 2002–03 appropriations translate to the total resourcing for ASIO for outcome 1: including revenue from government (appropriations), revenue from other sources and the total price of the outputs.

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

	Estimated Actual 2001–02 (\$'000)	Budget Estimate 2002–03 (\$'000)
DEPARTMENTAL APPROPRIATIONS		
Output 1.1: Security intelligence	64,996	81,087
Total revenue from government (appropriations) contributing to price of departmental outputs	64,996 93.5%	81,087 97.9%
REVENUE FROM OTHER SOURCES		
Output 1.1: Security intelligence		
Sales of goods and services	366	498
Interest	15	105
Other	4,123	1,098
Total revenue from other sources	4,504	1,701
Total price of departmental outputs (Total revenue from government and other sources)	69,500	82,788
Total estimated resourcing for outcome 1 (Total price of outputs and administered expenses)	69,500	82,788
AVERAGE STAFFING LEVEL	565.6	595.4

OUTCOME 1 — PERFORMANCE INFORMATION

Table 2.2.1 provides information on the strategies chosen to deliver outcome 1, and shows the links between the outputs and the outcome.

Table 2.2.1 Performance information for outcome 1

Effectiveness — overall achievement of the outcome	
Effectiveness indicators	Measures
Utility and credibility of the overall ASIO contribution to the understanding and management of risk	Level of Government awareness and satisfaction to be monitored by client feedback
Security of ASIO’s activities	Maintenance of ASIO’s security integrity
Performance information for departmental outputs	
Output description	Performance measure
Output Group 1.1: Security intelligence	In terms of relevant client feedback on agency outputs in regard to relevance, accuracy, timeliness, responsiveness and security In terms of resource use against priorities and cost-effectiveness

Additional national security classified information is provided to the Attorney-General, the Secretaries Committee on National Security, and the National Security Committee of Cabinet. This enables scrutiny of the detail of ASIO’s appropriations and performance information related to outcomes and outputs.

COMPETITIVE TENDERING AND CONTRACTING

The extent to which outsourcing can occur in ASIO is significantly limited by national security considerations, however, where practicable outsourcing does occur.

During 2001–02 ASIO completed a review of its Facilities Management functions, and on the basis that it was cost effective, retained the function in-house.

Section 3: Budgeted Financial Statements

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

	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					
Revenue from government	64,996	81,087	84,580	90,911	89,599
Sales of goods and services	366	498	520	524	528
Interest	15	105	107	112	104
Other	4,123	1,098	1,106	1,114	1,114
Total revenues from ordinary activities	69,500	82,788	86,313	92,661	91,345
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	38,661	43,593	45,739	50,252	50,605
Suppliers	23,595	24,894	25,439	27,030	25,361
Depreciation and amortisation	7,834	11,579	11,949	12,132	12,132
Total expenses from ordinary activities (excluding borrowing costs expense)	70,090	80,066	83,127	89,414	88,098
Borrowing costs expense	-	-	-	-	-
Net surplus or (deficit) from ordinary activities	(590)	2,722	3,186	3,247	3,247
Gain or loss on extraordinary items	-	-	-	-	-
Net surplus or (deficit)	(590)	2,722	3,186	3,247	3,247
Capital use charge	2,110	2,722	3,186	3,247	3,247
Net surplus or (deficit) after capital use charge	(2,700)	-	-	-	-

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

	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					
Cash	4,418	3,266	3,695	3,399	3,504
Receivables	175	180	180	180	180
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total financial assets	4,593	3,446	3,875	3,579	3,684
Non-financial assets					
Land and buildings	7,589	8,341	7,793	7,193	7,193
Infrastructure, plant and equipment	19,160	24,090	29,198	31,723	31,723
Intangibles	3,119	4,082	4,146	3,765	3,765
Other	300	300	300	300	300
Total non-financial assets	30,168	36,813	41,437	42,981	42,981
Total assets	34,761	40,259	45,312	46,560	46,665
LIABILITIES					
Debt					
Leases	529	331	115	-	-
Other	-	-	-	-	-
Total debt	529	331	115	-	-
Provisions and payables					
Employees	13,267	14,293	14,869	15,680	15,785
Suppliers	1,786	1,764	1,798	1,800	1,800
Other	-	-	-	-	-
Total provisions and payables	15,053	16,057	16,667	17,480	17,585
Total liabilities	15,582	16,388	16,782	17,480	17,585
EQUITY					
Capital	17,452	22,144	26,803	27,353	27,353
Reserves	1,930	1,930	1,930	1,930	1,930
Accumulated surpluses or deficits	(203)	(203)	(203)	(203)	(203)
Total equity	19,179	23,871	28,530	29,080	29,080
Liabilities and equity	34,761	40,259	45,312	46,560	46,665

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

	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	64,996	81,087	84,580	90,911	89,599
Sales of goods and services	2,228	493	520	524	528
Interest	15	105	107	112	104
Other	4,123	1,098	1,106	1,114	1,114
Total cash received	71,362	82,783	86,313	92,661	91,345
Cash used					
Employees	38,102	42,567	45,163	49,441	50,500
Suppliers	23,191	24,916	25,405	27,028	25,361
Other	-	-	-	-	-
Total cash used	61,293	67,483	70,568	76,469	75,861
Net cash from operating activities	10,069	15,300	15,745	16,192	15,484
INVESTING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	10,918	18,224	16,573	13,676	12,132
Total cash used	10,918	18,224	16,573	13,676	12,132
Net cash from investing activities	(10,918)	(18,224)	(16,573)	(13,676)	(12,132)
FINANCING ACTIVITIES					
Cash received					
Other	4,284	4,692	4,659	550	-
Total cash received	4,284	4,692	4,659	550	-
Cash used					
Repayments of debt	182	198	216	115	-
Capital use and dividends paid	1,779	2,722	3,186	3,247	3,247
Total cash used	1,961	2,920	3,402	3,362	3,247
Net cash from financing activities	2,323	1,772	1,257	(2,812)	(3,247)
Net increase in cash held	1,474	(1,152)	429	(296)	105
Cash at the beginning of the reporting period	2,944	4,418	3,266	3,695	3,399
Cash at the end of the reporting period	4,418	3,266	3,695	3,399	3,504

Table 3.4: Departmental Capital Budget Statement

	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
CAPITAL APPROPRIATIONS					
Total equity injections	4,284	4,692	4,659	550	-
Total loans	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	10,918	18,224	16,573	13,676	12,132
Other	-	-	-	-	-
Total	10,918	18,224	16,573	13,676	12,132
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	4,284	4,692	4,659	550	-
Funded internally by departmental resources	6,634	13,532	11,914	13,126	12,132
Total	10,918	18,224	16,573	13,676	12,132

Table 3.5: Departmental Non-financial Assets — Summary of Movement (Budget Year 2002–03)

	Land	Buildings	Total land and buildings	Other infrastructure plant and equipment	Total infrastructure plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	720	6,869	7,589	19,160	19,160	3,119	29,868
Additions	-	1,716	1,716	14,334	14,334	2,174	18,224
Disposals	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-
Depreciation/amortisation expenses	-	964	964	9,404	9,404	1,211	11,579
Write-off of assets	-	-	-	-	-	-	-
Carrying amount at the end of year	720	7,621	8,341	24,090	24,090	4,082	36,513
Total Additions							
Self funded	-	1,716	1,716	10,542	10,542	1,274	13,532
Appropriations	-	-	-	3,792	3,792	900	4,692
Total	-	1,716	1,716	14,334	14,334	2,174	18,224

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APPENDIX 1**Revenue from Independent Sources**

	Estimated Revenue 2001-02 \$'000	Estimated Revenue 2002-03 \$'000
DEPARTMENTAL REVENUE		
Sales of goods and services	366	498
Interest	15	105
Other	4,123	1,098
Total Estimated Departmental Revenue	4,504	1,701